



Daily Report

China

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General

UNSC Passes Resolution on Security Assurances

OW1204002695 Beijing XINHUA in English 0005
GMT 12 Apr 95

[FBIS Transcribed Text] United Nations, April 11 (XINHUA)—The UN Security Council today passed a resolution, giving security assurances to non-nuclear weapons states which are parties to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).

The draft resolution, which was sponsored by China, France, Russian Federation, United Kingdom and the United States, was approved by the Council's 15 members unanimously.

Under the resolution, the Security Council pledged assistance to the non-nuclear weapon states, in case of their being attacked or threatened by a nuclear aggression. The means to be used by the Council for the assistance are those including an investigation into the situation and appropriate measures to settle the dispute and restore international peace and security.

The Council entitles all member states to respond to a request from a victim of nuclear aggression for technical, medical, scientific or humanitarian assistance.

Also, the Council would recommend appropriate procedures regarding compensation under international law from a nuclear-weapon aggressor for loss, damage or injury sustained as a result of the aggression.

As a positive measure to respond quickly to a nuclear aggression, the Council reaffirms the inherent right, recognized under the UN Charter, of individual and collective self-defense if an armed attack occurs against a member of the United Nations, until the Council has taken measures necessary to maintain international peace and security.

In response to requests from the non-nuclear weapon states, the Council urges all states to pursue negotiation in good faith on effective measures relating to nuclear disarmament and on a treaty on general and complete disarmament under strict and effective international control which remains a universal goal.

The resolution was passed less than a week in advance of the opening of the 1995 Review and Extension Conference of the Parties to the NPT.

In a statement read at the Council before the voting, Chinese Ambassador Li Zhaoxing said that the resolution would contribute to the maintenance of world peace, security and stability and facilitate the realization of complete prohibition and thorough destruction of nuclear weapons.

He said, however, China are [as received] of the view that the resolution soon to be adopted is only a step towards the conclusion of a legally binding international

instrument providing assurances for non-nuclear-weapon states and nuclear-weapon-free zones against the use or threat of use of nuclear weapons.

Li reiterated China's position that complete and thorough destruction of nuclear weapons to usher in a nuclear-weapon-free world is the fundamental guarantee for ridding all countries of the threat of a nuclear war and that pending the complete prohibition and thorough destruction of nuclear weapons, all nuclear-weapon states should undertake not to use or threaten to use such weapons against non-nuclear weapon states.

Li Tieying Addresses International Economic Forum

OW1104130295 Beijing XINHUA Domestic Service in Chinese 1356 GMT 10 Apr 95

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 10 Apr (XINHUA)—The 1995 China International Economic Forum opened in Beijing today. In his speech, Li Tieying, CPC Central Committee Political Bureau member, state councilor, and minister in charge of the State Economic Restructuring Commission, pointed out: As part of the world economy, the Chinese economy can benefit from world economic prosperity. Rapid Chinese economic growth and the rapid improvement of domestic consumption levels have provided a vast market which propels world economic growth and contributes to world economic prosperity.

The theme of the conference, which is cosponsored by China's State Economic Restructuring Commission and the INTERNATIONAL HERALD TRIBUNE, is "The World Economy and China." More than 600 Chinese and foreign government officials, prominent figures, and renowned entrepreneurs attended the three-day, high-ranking international conference. Zhang Haoruo, State Economic Restructuring Commission vice minister, and Richard McClean, INTERNATIONAL HERALD TRIBUNE chief executive, chaired today's opening ceremony.

In his speech, entitled "The Common Prosperity of the Chinese and World Economies," Li Tieying said: The process of building China's socialist market economy is a law-building process. Establishing China's legal system governing the socialist market economy through the integration of the socialist system with the market economy within the legal and institutional framework is a requirement for economic development inherent in objective law; it is also an objective requirement for convergence with the international economy. Boldly drawing on the useful experiences of other countries, especially developed nations, in enacting laws on the market economy in accordance with its realities, China has carried out tremendous legislative work over the past 16 years, formulating more than 260 laws and relevant decisions, and amending and drawing up thousands of administrative rules and departmental regulations, the majority of which are designed to standardize the market

economy. A socialist market economic legal system which conforms with China's conditions, reflects the law of the market economy, and is attuned to the world is rapidly maturing and improving in China.

Li Tieying pointed out: The Chinese economy is increasingly linked with the world economy. A China that is opening up to the outside world is converging with the world economy in accordance with international rules. In 1994, China's exports and imports totaled \$236.7 billion, accounting for some 45 percent of the gross national product. In terms of foreign trade volume, China ranked 11th in the world. Over the past 16 years, China has utilized \$181.4 billion in foreign capital, with the number of foreign-funded enterprises totaling 220,000. The amount of foreign capital actually put to use in China totaled \$45.8 billion in 1994, the second highest in the world. The mutually supplementary link between the Chinese economy and the world economy is both extensive and intensive.

Li Tieying said: China has consistently observed international rules and respected international practice. It has signed bilateral economic and trade agreements with more than 100 countries. From 1982 to 1994, China signed investment protection agreements with 65 countries. China has consistently upheld the commitments it has made under the international treaties and agreements which it signed. The General Code of the PRC Civil Law clearly states: If there is any difference in the provisions between the PRC Civil Law and the international treaties which the PRC has reached or participated in, the latter shall prevail in accordance with the principle that international law takes precedence over domestic law.

Li Tieying noted: The establishment of a new international economic order which encourages mutually beneficial cooperation and maintains competition on an equal footing is aimed at development; it is necessary for the world's common prosperity. The Chinese Government has always worked unflinchingly on the international scene to make positive contributions to establishing a new international economic order that is just, rational, equal, and mutually beneficial. Every country should compete in the international market, where it both gains benefits and is subject to restraints. The new international economic order must be predicated on mutual respect and sincere cooperation among various countries. Attempts to manipulate the international order through the imposition of a country's will, or to substitute a country's certain domestic management methods, laws, and regulations for international rules and compel other countries to imitate them, are harmful—not beneficial—to promoting common prosperity in the world economy.

Li Tieying said: World economic prosperity requires long-term peace; long-term development is possible only if there is long-term peace. China is a force for safeguarding world peace and stability. It is willing to

contribute to bringing a peaceful and prosperous new world into the 21st century through its stable and sustained development.

IMF Pledges More Support for Reforms

OW1104131995 Beijing XINHUA in English 1245
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—The International Monetary Fund (IMF) will continue to "actively provide policy and technical support" for China's economic reform, Deputy Managing Director Alassane Ouattara of the IMF said here today.

In his written speech for the "1995 China Summit", Ouattara said that the IMF has maintained dialogues with China during the past years, focusing on policy research, and the monitoring and analysis of economic development.

Describing China's reform strategy as "bold and comprehensive", he said that significant progress has been made since late 1993 in implementing the strategy.

China has taken a number of actions to reform its financial sector, which is "crucial to the creation of an adequate infrastructure for indirect macroeconomic management," he said.

Ouattara also spoke highly of China's reform in the fiscal and foreign exchange system, the legislative and agricultural sectors.

"Although these reforms will need time to take root, some important results are already visible in terms of the further sharp increase in household savings, broad-based improvement in the balance of payments and exchange rate stability," he said.

He said that the IMF and the Chinese authorities have made a comprehensive review of economic developments, progress in economic reform and assessment of the implications of economic policies.

He said the IMF has been working on an extensive program of technical cooperation with China, which includes holding periodic training programs and seminars.

The IMF will support China in its efforts of achieving convertibility of the Renminbi yuan and further develop indirect policy instruments and associated legal framework, he added.

It will also help China establish a high-capacity computer data bank, facilitating a more effective dissemination of economic information.

"We at the Fund stand ready to continue our cooperation and support" in China's reform and development, Ouattara said.

Rafsanjani Criticizes U.S. for 'Hostile Stance'

OW1204002595 Beijing XINHUA in English 2037
GMT 11 Apr 95

[FBIS Transcribed Text] Tehran, April 11 (XINHUA)—Iranian President 'Ali Akbar Hashemi-Rafsanjani today criticized the United States for its hostile stance toward Iran.

Speaking at an inaugural ceremony of the central library of the Imam Reza's Mausoleum in Mashhad, Khorasan Province, Rafsanjani said that "the U.S. will be the main loser if it makes any adventurous move and sanctions on the purchase of oil from Iran, because Iran is not relying on its oil."

He said that the U.S. was actually angry with Iran because the country has achieved its economic independence and a new civilization has been created in Iran.

The U.S. was involved in an exercise in futility by trying to pressure Iran through blackmail, the Iranian President said, adding, "I am sure that if the U.S. could close the country's gates, which of course it has no power to do so, the U.S. itself will lose."

According to reports, a U.S. Senator earlier this week called on the White House to urge Israel to attack Iran's Bushehr Nuclear Power facilities and to toughen Washington's economic sanctions against Iran.

Iran has strongly condemned the remarks, saying that they are against the peace and in support of Israel's "terrorist and aggressive action."

Referring to his recent visits to the Iranian provinces, Rafsanjani said that without Japanese or German help the Iranian experts could complete most of the Iranian industrial sites and that a large sum of currencies have been preserved at home.

Some 10,000 megawatts of energy equal to the present energy of the country will be produced from the constructed dams on the Karoun River only and the generators are made in Iran and so the U.S. knows that such events and giant steps are taking place in Iran, he noted.

He also said that someone thinks that the U.S. is angry because of the (anti-U.S.) slogans, but it is not true and the real thing is that the U.S. is panicking because it sees such a new civilization.

Rafsanjani underlined that the world's strategic communication routes are connected through Iran and at present Iran is the world's highway, adding that some 2,000 kilometers of fiber optic lines between Shanghai and Frankfurt is passing through Iran.

The inauguration of the Bandar Abbas-Bafq railway made the world countries happy except the U.S. and Israel, he said. And some other countries also became happy, because by using the Iranian railway they do not have to use a single road to Europe via Russia, he added.

United States & Canada

Wu Yi Meets U.S. Commerce Official Garten

OW1104134695 Beijing XINHUA in English 1336
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—China and the United States should be realistic in developing bilateral economic and trade relations and try to settle differences by looking at their common interests.

Wu Yi, minister of Chinese foreign trade and economic cooperation, made this remark here today during a meeting with Jeffrey E. Garten, U.S. Undersecretary of Commerce for International Trade.

Wu said that it is better for the two countries to reinforce cooperation rather than go against or try to retaliate against each other. Since just last year, she noted, new momentum in trade between the two countries has developed.

The recent agreement between them on the protection of intellectual property rights and the consensus she reached with U.S. trade representative Mickey Kantor on China's re-entry into the General Agreement on Tariffs and Trade (GATT) have aroused broad interest, Wu added.

Kantor stated that the U.S. supports China's re-entry into GATT and will take an active and realistic attitude toward China's re-entry, and for this attitude, Wu said, China is very grateful.

Garten pointed out that the U.S. stresses the development of economic and trade links with China and agreed to promote bilateral economic and trade ties in a realistic manner.

He said that the U.S. is looking forward to the moment when China becomes a member of the World Trade Organization.

During the talks, both sides also exchanged views on the preparation work of the ninth meeting of the Sino-U.S. Joint Committee on Commerce and Trade to be held later this year.

Wu said that the Chinese side will actively prepare for the meeting in an effort to promote the development of bilateral economic and trade ties.

She expressed her hope that the U.S. side will also prepare for the meeting, and both Wu and Garten said that they hope that the forthcoming meeting will be a success.

Refutes Garten's Remarks on GATT

HK1204065895 Hong Kong TA KUNG PAO in Chinese
11 Apr 95 p 3

["Special dispatch" from Beijing 10 April: "Wu Yi Refutes U.S. Official's Remarks, Urging the United States To Honor Its Promise With Regard to China's Reentry Into GATT"]

[FBIS Translated Text] At an international conference held today, Wu Yi, China's minister of Foreign Economic Relations and Trade, openly refuted U.S. Under Secretary for International Trade Jeffrey Garten's remarks, accusing the United States of failing to match its deeds to its words. China must judge the U.S. by its deeds, not just by its words, she added.

At the "Chinese International Economic Tribune 1995 Session" held today, Garten said in his speech entitled "The Current Situation of Sino-U.S. Economic Relations": Commercial engagement can also promote the development of human rights. The U.S. trade deficit with China is becoming increasingly serious. Though the deficit is smaller than that with Japan, it has grown more rapidly. The U.S. market is open, but a balanced trade relationship should be built for trading partners. On the whole, the United States supports China in its application to join the World Trade (WTO) Organization, but the fact is that it is not satisfied with the measures taken by China prior to its entry into the WTO. We should not allow a certain specific field or bilateral difference to affect overall development but should maintain contacts and progress in many fields. From a long-term point of view, the United States and China can develop good and cooperative relations. Maintaining extensive and sustained contacts is a good policy not only for the present but also for the future. In the present international community, no country, including the United States and China, can exist in isolation.

Wu Yi and Garten were scheduled to speak in turn before today's meeting ended. When Garten finished, the meeting should have ended, but Wu Yi, who sat on the rostrum, could not help speaking over the microphone: "We did not hold a debate today, but I would like to clarify three points in reply to Garten's speech."

She said: First, associating trade with human rights is not in line with the agreement made by President Clinton to delink trade from human rights. Second, China and the United States are greatly divided over the calculation of trade figures (Garten acknowledged in his speech that the U.S. side included Hong Kong's entrepot trade into its trade figures for China). Those who have common sense can see that this figure is not well-founded. Again at the joint meeting on Sino-U.S. trade held in April, the two sides agreed that a Sino-U.S. working group would be organized to reach consensus on the calculation of trade figures. At today's meeting, however, the U.S. under secretary for international trade placed the trade deficit issue in "a very important place." Third, under a 1992 agreement, the United States pledged to give full support to China's bid to rejoin GATT as a signatory state, but it turned out last year that, when the negotiations reached the critical stage, the U.S. did not keep its promise and backed away. On 26 February this year, U.S. Special Envoy [title as published] Mickey Kantor promised that the U.S. would resolutely, positively, and practically adopt a flexible attitude on China's application to become a WTO founding member. China "will

judge the United States by its deeds, not just by its words." China hopes the U.S. will take a concrete step in this regard.

When the Chinese convener Zhang Haoruo was about to declare the meeting over following Wu Yi's speech, the foreign convener McCollin [mai ke ke lin 7796 0344 4430 2651] whispered to Zhang, and Garten was then given a chance to respond. He calmly explained that Clinton did separate trade from human rights. He agreed with what Wu Yi had said and hoped that a contact policy would be implemented. As for the calculation of the trade figures, he agreed that the problem should be solved through consultations later. By comparing U.S. trade deficits with China and Japan, Garten said he only wanted to stress the growth rate rather than the figures. With regard to China's entry into the WTO, Garten said he was not in a position to help and hoped the problem could be solved through cooperation.

Today's meeting should have been a somewhat monotonous one where people read from papers prepared beforehand. However, when the participants were ready to leave, the close combat between Wu Yi and Garten suddenly changed the atmosphere, bringing the meeting to a climax, and the participants were still discussing the incident as they departed.

Clinton To Work With Congress on Pakistan

OW1104234995 Beijing XINHUA in English 2223 GMT 11 Apr 95

[FBIS Transcribed Text] Washington, April 11 (XINHUA)—U.S. President Bill Clinton has pledged to work with Congress for an earlier settlement of a dispute with Pakistan over the stalled supplies of 1.4 billion U.S. dollars military equipment.

Speaking at a joint press conference after his talks with visiting Pakistani Prime Minister Benazir Bhutto at the White House Tuesday [11 April], Clinton acknowledged that Pakistan had been treated unfairly in the weapons deal with the United States in late 1980s.

"I don't think what happened was fair to Pakistan in terms of the money," Clinton said. He was referring to the fact that the United States has been refusing to either deliver the military equipment or return the money the South Asian nation had ordered and already paid for. [sentence as received]

The U.S. President assured Bhutto that his administration would press U.S. Congress "to show some flexibility" in resolving the long-standing dispute.

Under a U.S. law, the so-called Pressler Amendment enacted in 1988, the U.S. President can't order the delivery of the military equipment to Pakistan unless he could certify to Congress that the country has stopped its nuclear development programs.

Bhutto, who arrived here on April 5 for a 9-day official visit, has been calling on U.S. Congress to repeal the law aimed at preventing nuclear proliferation in southern Asia.

She has also been pressing the Clinton administration to seek a quick solution to the equipment issue.

"If we can't get the equipment that contracted before sanctions, then we'd like our money back. I think that's only fair," the Pakistani Prime Minister said in an interview with ABC's "Good Morning America" program earlier Tuesday.

Clinton noted that the United States had "no intention of dumping Pakistan" although he could not simply deliver the military equipment to the country under the current law.

Bhutto told the news conference that she "was encouraged" by her discussions with Clinton this morning. The talks are believed to focus on ways of restoring the traditional relations between the United States and Pakistan.

Referring to U.S. concerns about Pakistan's nuclear development, Bhutto stressed that her nation had no nuclear weapons.

"We have enough knowledge and capability to make and assemble a nuclear weapon. But we have voluntarily chosen not to either assemble a nuclear weapon, to detonate a nuclear weapon, or to export technology," Bhutto said.

U.S. Calls For Political Solution in Chechnya

OW1204063895 Beijing XINHUA in English 0619
GMT 12 Apr 95

[FBIS Transcribed Text] Washington, April 11 (XINHUA)—The United States once again called for a political solution to the Chechnya conflict in Russia Tuesday [11 April].

The conflict has a corrosive effect on the development of Russian democracy and a negative effect on U.S.-Russian relations, State Department spokesman Nicholas Burns said today. "We remain...concerned that the military efforts are continuing," but there seems to be no "effort to promote any kind of political reconciliation or political dialogue," Burns said.

"I think...the Russian government is intent upon prosecuting a military solution to the war in Chechnya," he added, but "a military solution is not possible in Chechnya given the terrain and given the nature of Chechnya and the Chechen people themselves."

U.S. Deputy Secretary of State Strobe Talbott went to Moscow last week to try to ease differences between the two countries before the U.S.-Russia summit in May, but over the weekend failed to persuade senior Russian officials to look for a political solution to the conflict.

Central Eurasia

China, 4 CIS Member States Hold Border Talks

OW1204080995 Beijing XINHUA Domestic Service in Chinese 1607 GMT 10 Apr 95

[FBIS Translated Text] Moscow, 10 Apr (XINHUA)—The 15th round of border talks between the working group

of the border negotiations delegation of the Chinese Government and the working group of the joint delegation of the governments of Russia, Kazakhstan, Kyrgyzstan, and Tajikistan was held in Moscow between 3 and 10 April.

The two sides discussed the drawing of China's border lines with the aforementioned four countries in an earnest and businesslike [ren zhen qiu shi 6126 4176 3061 1395] atmosphere. The two sides agreed to hold the next round of talks in Beijing.

During the negotiations, Russian Vice Foreign Minister Panov met with Yao Peisheng, head of the Chinese working group, and other group members.

Russia Reportedly Planning Army Reduction

OW1204031695 Beijing XINHUA in English 0255
GMT 12 Apr 95

[FBIS Transcribed Text] Moscow, April 11 (XINHUA)—Russia will reduce its army troops by 217,000 this year, the INTERFAX News Agency reported today.

Mikhail Kolesnikov, chief of the General Staff of the Russian Armed Forces, made the remark today at a hearing on the army and Russia's future.

President Boris Yeltsin proposed to cut the two million Russian troops to 1.5 million.

Russia Reportedly Not Sending Troops to Tajikistan

OW1204054095 Beijing XINHUA in English 0132
GMT 12 Apr 95

[FBIS Transcribed Text] Moscow, April 11 (XINHUA)—Russia will not send troops to Tajikistan despite its decision to help the Tajik government, which is fighting the Islamic opposition on the Tajik-Afghan border, Tajik Prime Minister Dzhamshef Karimov said here today.

The Tajik government troops will take the main blow of the attacking rebels, Karimov told reporters after his meeting with Russian Deputy Prime Minister Aleksey Bolshakov, who is in charge of CIS (Commonwealth of Independent States) affairs in the cabinet.

Moscow said that it would assist "the repulse of the aggression in conformity with the Agreement on (the CIS) Collective Security."

Karimov said that an agreement had been reached with Russia in principle, under which Russia and some other CIS countries would keep their border guards on the frontier.

Russia also agreed to boost its supplies of fuel, lubricants and food in exchange for cotton and other raw materials.

Dushanbe, capital of Tajikistan, is expected to receive at least 57 billion roubles (about 11.5 million U.S. dollars) from a total loan of 80 billion roubles (over 16 million dollars) approved by the Russian parliament last year.

The UN secretary-general's special envoy Ramiro Piriz Ballon in Dushanbe described the worsening situation in the region as highly dramatic.

Ballon suggested an urgent summit meeting between the Tajik government and the rebel opposition, adding that negotiations should be held in Moscow.

He said that his proposal is supported by Tajik President Emomali Rakhmanov. But they are waiting for an answer from the opposition.

After a lengthy meeting with Rakhmanov earlier today, Ballon told reporters that both sides are interested in finding a political solution to the issue and ending the armed confrontation triggered by the Tajik opposition based in Afghanistan, according to the ITAR-TASS News Agency.

Since the fierce fighting broke out last Friday, at least 30 CIS border guards, including five Russian soldiers, have been killed and about 160 opposition militants have died in the clashes.

Russia, Albania Initial Friendship Treaty

OW1204032495 Beijing XINHUA in English 0243
GMT 12 Apr 95

[FBIS Transcribed Text] Moscow, April 12 (XINHUA)—Albania and Russia today initialed a treaty of friendship and cooperation, which will take effect following its signing by the presidents of the two countries.

The treaty was initialed by Russian Prime Minister Viktor Chernomyrdin and the visiting chairman of Albania's Council of Ministers, Aleksander Meksi.

They signed accords dealing with cooperation in the fields of trade, economics, science and technology, the encouragement and mutual protection of investment, consular issues and the avoidance of dual taxation.

A special government committee will be set up to assure the implementation of these accords, the Russian prime minister said.

Chernomyrdin and Meksi also discussed issues relating to Russia's gas supplies to Albania and its assistance in rebuilding Albania's industrial plant.

Meksi, who arrived here on Monday, is the first Albanian leader to visit Russia in more than 30 years. Relations between Albania and the former Soviet Union were severed in 1961.

Northeast Asia

DPRK Holds Reunification Talks in Beijing

SK1204005695 Beijing China Radio International in Korean 1100 GMT 11 Apr 95

[FBIS Translated Text] The third meeting of the co-chairmen of the National Alliance for the Country's Reunification [Pomminnyon] was held in Beijing from 9

to 11 April to mark the 50th anniversary of the liberation of Korea [choson]. The meeting was attended by 26 members of the co-chairmen board from the DPRK, the United States, Canada, Europe, Japan, the PRC, and the CIS. The meeting discussed Pomminnyon's plans for 1995, including the joint celebration of the 50th anniversary of the liberation of Korea, the Sixth Pannational Rally, reinforcement of the Pomminnyon organization, and other issues.

The meeting adopted a resolution reflecting the unanimous desire of all Pomminnyon members to open a new breakthrough for the reunification of the fatherland without fail in this year, which is the 50th anniversary of the fatherland liberation, by highly upholding the banner of independence, peace, reunification, and great national unity, and by firmly uniting the pro-reunification and patriotic forces at home and abroad.

Qiao Shi Makes Further Comments in Japan

Hopes for Stable Relations

OW1104150995 Beijing XINHUA in English 1453
GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 (XINHUA)—Top Chinese legislator Qiao Shi said today that political leaders of China and Japan should work for a stable long-term relationship between the two countries, which will also be conducive to world peace and stability.

Referring to the 50th anniversary of the end of the anti-fascist war and the victory of China's war of resistance against Japan, Qiao said the two countries should draw lessons from history and further strengthen the political basis for better bilateral ties.

Qiao, Chairman of China's National People's Congress (parliament), made the remarks at a banquet co-hosted by Takako Doi, Speaker of the Japanese House of Representatives, and Bunbei Hara, President of the House of Councillors.

At the dinner, Hara said that developing Japanese-Chinese relations benefits not only the two neighboring countries but also Asia and the whole world.

He also recalled his visit to China last year and pledged further efforts to promote Japanese-Chinese friendship and world peace.

Notes 'Looking Forward' Attitude

OW1104115595 Beijing XINHUA in English 1141
GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 (XINHUA)—Top Chinese legislator Qiao Shi said today politicians in China and Japan are duty-bound to help bring a healthy and stable relationship of good-neighborliness between the two countries into the 21st century.

Qiao, chairman of the Chinese National People's Congress (NPC) Standing Committee, made the remarks here today at separate meetings with Takako Doi, speaker of the House of Representatives and Bunbei Hara, president of the House of Councillors, of the Japanese Diet.

During the meetings, both sides expressed the hope for strengthening exchanges and cooperation between the Japanese Diet and the Chinese NPC.

At the meetings, Qiao said China has adopted a "looking forward" attitude in developing relations with Japan despite a span of unfortunate historical experience between them. "Past experience, if not forgotten, will be guide for the future," Qiao said, quoting an old Chinese saying. Both the speaker and the president shared Qiao's view.

Qiao said, "It is our sincere wish that Japan could learn lessons from the said historical period and the post-war situation in which enormous progress has been gained on the road of peace and development."

The Chinese NPC would continue to play a positive role, together with the Japanese Diet, in effecting a long-term and stable Sino-Japanese relationship on the basis of the principles stipulated in the Sino-Japanese Joint Statement and the Treaty of Peace and Friendship and in the spirit of "facing the current reality, eyeing the future, mutual trust and sincere cooperation," Qiao stressed.

Speaker Doi assured Qiao that Japan would take a sincere attitude towards the past and the future as well.

She said Japan and China should be friendly to each other for generations to come and Japan should take the attitude of looking beyond to the 21st century in handling historical events.

The speaker said a good Japan-China relationship would contribute to world peace and development.

She also said enhanced exchanges and cooperation between the Japanese Diet and the Chinese NPC would help boost the mutual understanding and friendship between the peoples of the two countries.

Doi suggested that the Japanese Diet establish formal links with the Chinese NPC. On this suggestion, Qiao stressed the exchange of visits.

At the meetings, Qiao also briefed the hosts on China's legislation, the enforcement of laws and the supervision over the performance of the government and the judicial departments.

Murayama Vows To Improve Sino-Japanese Ties

OW1104130395 Beijing XINHUA in English 1244
GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 (XINHUA)—Japanese Prime Minister Tomiichi Murayama today pledged further efforts to develop future-oriented relations with China based on Tokyo's repentance over the past.

"This year marks the 50th anniversary of the end of World War II. Japan will work hard towards the future to strengthen friendship and cooperation with China while deeply reflecting on its past," said Murayama.

Murayama made the remarks here during a luncheon given at the premier's official residence in honor of Qiao Shi, chairman of the Standing Committee of the National People's Congress (NPC) of China.

Qiao is on a week-long visit to Japan at the invitation of Japanese House of Representatives Speaker Takako Doi and House of Councillors President Bunbei Hara.

Murayama told Qiao that it is one of Tokyo's major foreign policies to further expand bilateral relations with China and offer as much cooperation as possible for China's modernization drive in line with the principles enshrined in the 1972 Joint Statement and the 1978 Treaty of Peace and Friendship between the two countries.

He said he looks forward to meeting Chinese leaders next month when he visits Beijing at the invitation of Chinese Premier Li Peng.

The Japanese prime minister also expressed thanks to China for providing materials and medicines in aid to Japan in the wake of the January 17 earthquake.

At the luncheon, Qiao said China and Japan have experienced unhappy times in this century. However, he added, "Past experience, if not forgotten, will be a guide for the future."

China will continue to take a positive stance on historical issues and push forward the development of Sino-Japanese relations into the 21st century, the NPC Chairman said.

Southeast Asia & Pacific

Embassy in Cambodia Holds Memorial for 2 Killed

OW1204095895 Beijing XINHUA in English 0822
GMT 12 Apr 95

[FBIS Transcribed Text] Phnom Penh, April 12 (XINHUA)—The Chinese embassy and Chinese companies in Cambodia held a memorial meeting here today for two Chinese technicians killed by unidentified gunmen on April 5.

In her memorial speech, the Chinese ambassador to Cambodia Xie Yue'e noted that the two Chinese technicians sacrificed their precious lives for the reconstruction and development of Cambodia.

"We strongly condemn the armed gangsters for their barbarous and despicable act. We request that Cambodian departments concerned to investigate and ascertain the facts and severely punish the assailants," added the Chinese ambassador.

A representative of the Cambodian government Ung Sin and some other officials attended the memorial meeting. Ung Sin said that his government will do everything in their power to bring the case to light and the criminals to justice.

The two Chinese, Xu Sumin and Chen Guoming, both from Shanghai's Jinshan Chemical Engineering Company, were killed in Kompu Spue province when the quarry they were working in was suddenly raided by a group of unidentified gunmen with rockets and submachine guns. Their fellow Chinese technician Huang Qiuxin was seriously wounded. Two vehicles and many installations of the quarry were destroyed.

PLA Chief Leaves For Laos, Vietnam, Indonesia

OW1204033695 Beijing XINHUA in English 0317 GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Zhang Wannian, chief of the General Staff of the Chinese People's Liberation Army (PLA), left here today for an official goodwill visit to Laos, Vietnam and Indonesia.

Zhang's tour to the three countries is at the invitation of I. Suliyaseng, Chief of the General Staff of the Lao People's Army, Dao Dinh Luyen, Chief of the General Staff of the Vietnam People's Army and Feisal Tanjung, Commander-in-Chief of the Indonesian Armed Forces.

Zhang was seen off at the airport by Xu Huizi, deputy chief of the PLA General Staff and China-based diplomatic envoys from the three countries.

Ding Guangen Meets Singaporean Visitors

OW1104115995 Beijing XINHUA in English 1128 GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—Ding Guangen, member of the Political Bureau and Secretariat of the Chinese Communist Party (CPC) Central Committee, met here today with George Yeo, Minister for Information and the Arts and Minister for Health of Singapore.

Yeo, who is also in charge of youth affairs in Singapore's People's Action Party (PAP), is currently in Beijing as head of a delegation of young PAP members.

Near East & South Asia

Bilateral Trade With Dubai Increases

OW1204075895 Beijing XINHUA in English 0714 GMT 12 Apr 95

[FBIS Transcribed Text] Abu Dhabi, April 12 (XINHUA)—China's trade with Dubai, the commercial hub of the Middle East, has increased sharply in recent years, according to the director-general of the Dubai Chamber of Commerce and Industry.

Following a meeting with an economic and trade delegation from Dalian, a port city in northeastern China, Abdul Rahman G'al Mutaiwee told reporters Tuesday that the two way trade between Dubai and China soared to 1.4 billion U.S. dollars in 1994 from 560 million dollars in 1990, registering an average yearly growth of 37 percent.

China could improve the market share of its products in Dubai from 5 percent to 7.5 percent, he said.

Their growing trade cooperation was underscored by China's enhanced role as the second biggest trading partner of Dubai behind Japan, Mutaiwee added.

The head of Dubai Chamber urged Chinese companies to make use of the excellent infrastructure and incentives Dubai offered to entrepreneurs, to invest more in the city.

Investment Protection Treaty Signed With Israel

TA1104113095 Jerusalem THE JERUSALEM POST in English 11 Apr 95 p 8

[Report by Jose Rosenfeld]

[FBIS Transcribed Text] Finance Minister Avraham Shohat and Chinese Foreign Trade and Economic Cooperation Minister Wu Yi yesterday signed an investment protection treaty and an agreement to extend a \$150 million line of credit to Israeli companies investing in China, the Treasury reported.

Treasury officials have emphasized the importance of the treaty following the difficulties foreign investors have had with Chinese authorities.

The treaty protects investors from both countries against discrimination and acts that will decrease the value of their investments.

In addition, the treaty guarantees the right of investors to realize their investment at any time they desire.

Shohat also signed an unprecedented protocol on financial cooperation between the two countries which will provide a \$150m. line of credit to Israeli companies investing in China through the Israel Foreign Trade Risk Insurance Corporation (IFTRIC).

The line of credit is essential to close deals in China, since investors must come armed with financing under preferential terms, Treasury officials said.

Investors will be eligible to use the line of credit for projects approved by both countries.

Wu Yi said the agreements will facilitate both countries' penetration of each other's markets and noted the great potential for investment in both countries.

Wu Yi is scheduled to visit here in September, when a joint Israel-China trade committee will meet.

Kuwaiti Heir: Government To Respect Court Decision

LD0904200395 Kuwait KUNA in Arabic 1709 GMT 9 Apr 95

[FBIS Translated Text] Shanghai, 9 Apr (KUNA)—Shaykh Sa'd al-'Abdallah Al-Salim al-Sabah, Kuwaiti heir apparent and prime minister, has reiterated that the government's request to the Constitutional Court to explain Article 17 of the Constitution was within the constitutional rights of both the legislative and executive powers.

Shaykh Sa'd was replying to a question on this matter put to him in Shanghai today by the chief editors of the Kuwaiti papers, who were accompanying him in his current official tour to China.

He said: "The government will respect the court's decision, be it for or against the government, which will boost the separation of powers between the legislative and the executive." "And we should all accept the Constitutional Court's judgement," he insisted.

He confirmed, however, that "the government is not thinking of withdrawing its request from the court."

Shaykh Sa'd concluded his replies by reiterating his pride in the Kuwaiti legal system, which has always been a source of pride for Kuwait, and insisted that the request to the Constitutional Court was within the stipulations of the Constitution.

The Kuwaiti Council of Ministers recently decided to refer Article 71 of the Constitution on the validity of decrees adopted by the government during the dissolution of the National Assembly to the Constitutional Court.

Wu Yi Holds Talks With Nepalese Finance Minister

OW1204075795 Beijing XINHUA in English 0650 GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Minister of Foreign Trade and Economic Co-operation (MOFTEC) Wu Yi held talks here this morning with Minister of Finance of Nepal Bharat Mohan Adhikari on furthering bilateral economic and trade ties.

The Nepalese minister and his party arrived here Tuesday [11 April] at the invitation of Wu to attend the seventh session of the joint economic and trade committee of the two countries.

'Roundup' Views Pakistan, Indian Stands on NPT

OW1204053995 Beijing XINHUA in English 0220 GMT 12 Apr 95

["Roundup" by Hu Xiaoming: "Pakistan Remains Steadfast on NPT Stand"]

[FBIS Transcribed Text] Islamabad, April 12 (XINHUA)—With the review and extension conference on the nuclear Nonproliferation Treaty (NPT) drawing closer, Pakistan sticks to its stand of not signing the treaty.

"There is no change in our position on the NPT, which has inherent inequalities. We are prepared to sign it if India does the same," a spokesman of Pakistan Foreign Office said.

India, however, has announced that it would neither sign the NPT nor participate in the forthcoming conference, scheduled to be held in New York from April 17 to May 12.

"Our position is well known. We want proliferation to cease, but that must be achieved universally and without discrimination. This is why India will not participate in the extension conference on this question," Indian External Affairs Minister Pranab Mukherjee said in Paris last week.

Pakistan, on its part, will attend the conference as an observer as it did before, but will not participate in the deliberation.

Pakistan sees the treaty as a discriminatory instrument that divides states into nuclear haves and nuclear have nots and is asymmetrical in the distribution of the rights and duties of the two.

The country has deplored "the discriminatory character" of the NPT, since it does not respond to Pakistan's security concerns, said Munir Akram, ambassador and permanent representative of Pakistan in Geneva, in a statement on Monday.

"However, we favor the extension of the treaty because we acknowledge that a breakdown in the NPT consensus would have negative implications for international stability," the ambassador said.

"Though Pakistan and India have refused to sign the treaty, it is important to distinguish between the two positions: Pakistan approves NPT but would not sign because of its security concerns while India does not approve it and wants a global de-nuclearization. Without India, Pakistan's signing will in no way enhance Islamabad's security," explained Agha Shahi, President of the Islamabad Council of World Affairs and former foreign minister, recently.

Islamabad has been steadfast in its stand on the NPT and has withstood the intense pressure coming from Washington, although it has suffered due to the non-delivery of 38 F-16 fighters and military hardware, for which it had paid over 1.2 billion U.S. dollars, following the application of the Pressler Amendment.

Pakistan, perceiving threat from India and believing that unless the Kashmir dispute is resolved there can be no peace in South Asia, has refused to give up its nuclear program which it claimed to be totally for peaceful purposes.

"Pakistan should remain steadfast on its declared policy of giving no unilateral concession as far as ratification of NPT is concerned," said former chairman of Pakistan Atomic Energy Commission Munir Ahmed Khan on Saturday [8 April].

Washington is intensifying its diplomatic efforts to secure the indefinite extension of the NPT which came into force on March 5, 1970 while some countries including Egypt and Iran are reportedly opposing its renewal.

West Europe

Vice Premier Li Lanqing Meets German Group

OW1104131495 Beijing XINHUA in English 1254
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—Chinese Vice-Premier Li Lanqing met with Manfred Rommel, mayor of Stuttgart, Germany, at the Diaoyutai State Guesthouse here today.

The current visit of the German delegation at the invitation of the Chinese People's Association for Friendship with Foreign Countries is to get to know the political and economic situations in China and discuss the possibility for cooperation between cities of the two countries and to hold consultations with the city of Nanjing on the issue of establishing friendly-city relations.

Qi Huaiyuan, president of the association, was present at the meeting.

Li Lanqing Meets Berlin Mayor

OW1204111395 Beijing XINHUA in English 1055
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Chinese Vice-Premier Li Lanqing met with a delegation from Berlin municipal government here this afternoon.

The 27-member delegation, headed by Mayor Eberhard Diepgen of Berlin, is here on a visit as guests of the Beijing Municipal Government.

Leaders Meet Portuguese President Mario Soares

Jiang Meets Soares

LD1104130495 Lisbon RTP Internacional Television in Portuguese 1100 GMT 11 Apr 95

[FBIS Translated Excerpt] President Mario Soares has arrived in Beijing and today met Chinese President Jiang Zemin. They discussed the future of Macao and Sino-Portuguese relations. This is the beginning of a seven-day visit; Soares is the second head of state of a European Union [EU] member country to visit China since the violent clashes of Tianamen Square. It was in this same square that the Portuguese president was welcomed:

[Reporter Joaquim Fernandes over video] These military honors for President Soares took place in Tianamen Square. This is the beginning of his seven-day official visit to the People's Republic of China which was highlighted with a meeting with the Chinese president. Mario Soares met Jiang Zemin for 30 minutes. They talked about bilateral relations with particular emphasis on the economic and political domains. It is obvious that they also spoke about Macao. The Chinese president and Mario Soares talked about the Orient Foundation. The Portuguese president did not disclose details but stated that he was happy with the meeting. He also added that they discussed economic relations in detail:

[Begin Soares recording] We talked about two particular projects, namely the EFACEC [electronics manufacturer] project—which is a very important project—and the cements project in Jiangmen, which was set up by the Pereira Coutinho group—he is accompanying me during the visit. We spoke about these two projects which are seen as very positive by the Chinese who are asking for more. [end recording]

[Fernandes] President Soares and Jiang Zemin also debated the political situation in China and spoke about human rights:

[Begin Soares recording] I spoke to him about reform policies and touched upon the human rights issue. I spoke to him, for example, about the existing institutional dialogue between the EU and China concerning human rights. Foreign ministers and diplomats are involved in this dialogue and anything else outside this sphere is far from contributing toward a progressive development of the situation and, to the contrary, it will be a source of friction. As I told you at the beginning of the visit, I am not here in China to create problems, I am here to try and help. The reason why I am trying to help is because this is in the interest of Portugal and of the Portuguese people and especially the people of Macao, and it is also very important that we have excellent relations with China. [end recording] [passage omitted]

Jiang Seeks Support for WTO Bid

HK1204065595 Hong Kong HONGKONG STANDARD
in English 12 Apr 95 p 6

[By Harald Bruning in Macao]

[FBIS Transcribed Text] China's President Jiang Zemin yesterday asked for Portugal's help against "discriminatory measures" imposed by the European Union on Chinese export goods.

Mr Jiang told Portuguese President Mario Soares that China was "in a position" to accede to the World Trade Organisation (WTO). "We hope that Portugal will contribute as a EU member to change the discriminatory measures imposed on Chinese export goods," Mr Jiang said during a meeting in Beijing, according to a source.

The source said Mr Jiang said if the EU changed its attitude towards Chinese goods, "this would facilitate trade relations between China and the EU." "We are in a position to join the WTO, and we are of good will, but we are firm in the sense that we wish to have an equilibrium between rights and duties," Mr Jiang said.

Mr Soares said Portugal would "with all its strength" support China's WTO entry bid.

Rong Yiren Seeks Enhanced Ties

OW1204083595 Beijing XINHUA in English 0800
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Chinese Vice-President Rong Yiren said here today that China seeks enhanced co-operation with Portugal and hopes the bilateral relations, including economic and trade ties, will be raised to a new level of development. Rong made the remark in a meeting here this morning with Portuguese President Mario Soares, who arrived Monday evening on a state visit as a guest of Chinese President Jiang Zemin.

Extending a welcome to Soares, Rong recalled the warm reception he received during his visit to Portugal in September 1993, and his meeting with Soares.

Soares expressed pleasure at meeting Rong again, saying that he had seen many changes here since his last trip to China in 1980.

The whole world is watching with interest China's economic growth, he said, adding that Portugal wishes China every success in its economic reforms.

Discussing bilateral relations, Rong said that the ties have been growing smoothly, and the exchange of high-level visits in recent years has provided an impetus for the development of all-round Sino-Portuguese ties.

Noting the good co-operation between the two countries on the issue of Macao, Rong voiced the belief that the two sides will ensure the smooth transition of Macao through friendly consultations, close co-operation and proper settlement of all issues cropping up during the transitional period.

Despite the fact that China is a big country of influence in the world and Portugal is a small one, the two countries have maintained a long history of friendly relations, Soares said.

He described the bilateral relations as "very good" in recent years, saying that he and Jiang had fruitful talks yesterday and both agreed to make joint efforts for the further enhancement of relations between the two countries.

Soares voiced the hope that the two countries would augment their co-operation on the issue of Macao, and ensure its smooth transition and long-term prosperity and stability, saying that he was optimistic about further co-operation by the two governments on that issue.

On economic and trade ties between the two countries, Soares said his country seeks augmented co-operation, and the entrepreneurs accompanying him this time would discuss with their Chinese counterparts ways and prospects for mutual investment.

Rong noted the advantages of both economies and the favorable basis for further economic co-operation. "We welcome Portuguese businessmen to come and invest in China," he said, adding that his country also encourages its own businessmen to seek co-operation in Portugal.

"We hope that China and Portugal will enhance co-operation on the basis of mutual benefit and respect, and lift the bilateral relations, including economic and trade ties, to a new level," Rong said.

During the meeting Rong also briefed Soares and his party on the country's economic development.

Soares Confers Medals

OW1204084995 Beijing XINHUA in English 0823
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Visiting Portuguese President Mario Soares today conferred medals on leading Chinese cultural personages Yuan Fang, Chen Yongyi and Ai Qing for their contributions to the Sino-Portuguese cultural exchanges.

Both Yuan Fang, who has performed together with Portuguese and Macao artists on many occasions, and Chen Yongyi, a translator and editor of the Portuguese-Chinese Dictionary and a Portuguese-language textbook, were given the Order of National Merit, while Ai Qing, the first Chinese poet to translate Chinese poems into Portuguese, was awarded the Order of Merit of Liberty.

Liu Deyou, vice-minister of culture, attended the award ceremony.

East Europe

Health Cooperation Agreement Signed With Poland

OW1204012495 Beijing XINHUA in English 0111
GMT 12 Apr 95

[FBIS Transcribed Text] Warsaw, April 11 (XINHUA)—Poland and China signed a health cooperation agreement today designed to strengthen cooperation and exchange in the medical sphere between the two countries.

The agreement was signed by Chinese Vice Minister of Health Yin Dakui, who is currently visiting here, and his Polish counterpart, Wieslaw Jaszynski.

Yin and his delegation arrived here on April 7 for a four-day visit at the invitation of the Polish Health and Social Welfare Ministry.

Foreign Minister Qian Qichen Continues Trip to FRY**Meets President Milosevic**

OW1104115495 Beijing XINHUA Domestic Service in Chinese 0154 GMT 11 Apr 95

[By reporter Yang Chengming (2799 2052 2494)]

[FBIS Translated Text] Belgrade, 10 Apr (XINHUA)—Slobodan Milosevic, president of the Republic of Serbia of the Federal Republic of Yugoslavia [FRY], met with Qian Qichen, Chinese vice premier and foreign minister, on 10 April. The two had an in-depth exchange of views on bilateral relations and the situation in the former Yugoslav region.

Qian Qichen said: In recent years, significant changes have taken place in the world and the former Yugoslav region. However, the traditional friendship between the Chinese and Yugoslav peoples and the Chinese Government's desire to strengthen friendly cooperation between the countries have remained unchanged. The Chinese Government appreciates the FRY's adherence to the policy of developing friendly relations with China.

Milosevic said: Chinese Vice Premier and Foreign Minister Qian Qichen's visit is very important for strengthening Yugoslav-Chinese friendship and cooperation, and will be conducive to promoting cooperation between the two countries in various fields. Favorable conditions exist for developing friendship and cooperation between the two countries.

Qian Qichen said: A crisis has perpetuated in the former Yugoslav region for several years. It is time now to resolve the crisis. The FRY is a major country in the Balkan region; and the implementation of an independent policy is an important factor for stability. He expressed the belief that the FRY can play an irreplaceable role in solving the crisis in the former Yugoslav region. He said China will treat all republics of the former Yugoslav region equally in developing friendly and cooperative relations with them. China does not have nor seek any selfish interests whatsoever in the former Yugoslav region.

Milosevic emphasized: At present the most crucial matter in the former Yugoslav region is to realize peace. The FRY has pursued a policy of peace and has adopted a constructive stance on solving the Bosnia-Herzegovina conflict. He added that ending the sanctions against the FRY is extremely important for achieving peace.

Qian Qichen spoke highly of the FRY's persistent stance on settling the conflict in the former Yugoslav region through peaceful means. He expressed the hope that all parties concerned and the international community will work together to realize peace and stability in the region at an early date.

At the meeting, the two also briefed each other about the situation in their respective countries.

Chinese Vice Foreign Minister Dai Bingguo, Chinese Ambassador to the FRY Zhu Ankang, and FRY Foreign Minister Jovanovic were also present at the meeting.

Speaks on Former Yugoslavia

OW1104134295 Beijing XINHUA Domestic Service in Chinese 0249 GMT 11 Apr 95

[By reporter Yang Chengming (2799 2052 2494)]

[FBIS Translated Text] Belgrade, 10 Apr (XINHUA)—Qian Qichen, Chinese vice premier and foreign minister, delivered a speech at a joint session of the Federal Republic of Yugoslavia Assembly on the afternoon of 10 April, which dwelt on Chinese-Yugoslav relations and China's stand on settling the crisis in the former Yugoslav region.

Qian Qichen said: The Chinese Government and people set great value on the traditional friendship and cooperation between the two countries and peoples. Facts have proved that the friendship and cooperation between the two countries and peoples can stand the test of time.

He said: Yugoslavia, a major country in the Balkan region, maintained national stability and economic operations under difficult circumstances and has weathered the most crucial period. China is willing to continuously strengthen friendship and cooperation with all countries in the Balkan region, including Yugoslavia, on the basis of the five principles of peaceful coexistence.

He said: The former Yugoslavia is a region dogged by misfortunes in history. Following the end of the Cold War, crises and conflicts have broken out one after another in the region; and they have not been solved up to date. This has not only brought grave calamities to the people of the region but also has threatened peace and stability in Europe and the world as a whole. China, an Asian country, does not have or seek any selfish interests whatsoever in this region. However, we are deeply concerned with the conflicts arising from the situation in the former Yugoslavia, and we sympathize with the sufferings and misfortunes caused by wars to the people of Bosnia-Herzegovina. We sincerely hope that the conflicts and wars will end as soon as possible.

Qian Qichen explained China's stand on the crisis in the former Yugoslavia and relations with all former Yugoslav republics:

First, differences and disputes should and can only be settled through peaceful means. Facts have proved that wars, sanctions, and pressures cannot solve problems. The most important matter now is for the international community and all parties concerned to exert every effort to enable the interim ceasefire to continue in Bosnia-Herzegovina so as to stop bloodshed and conflicts; to hold peaceful consultations to seek a solution

acceptable to all parties for turning the cease-fire into lasting peace; and then, to establish new mechanisms for stability and peace in the region.

Second, the five countries of the former Yugoslavia have become independent states. Their independence, sovereignty, and territorial integrity should be respected; and their borders should not be altered, especially through the use of force. All countries should recognize each other, establish normal state relations, and live in friendship and peace to promote common development. This will be beneficial to the long-term interests of all parties concerned and all countries, as well as to an early and complete settlement of the former Yugoslav question and the maintenance of peace and stability in Europe.

Third, the former Yugoslavia is a region inhabited by many nationalities. The cohabitation of many nationalities is an objective reality in these countries, which must live together as neighbors for a long time to come and which cannot choose their neighbors. Therefore, all nationalities should respect each other and treat each other with friendliness. They should by no means use force to engage in aggression and terrorism, and should not provoke ethnic hatred. The lawful rights of minority nationalities should be fully protected and respected.

Fourth, in international relations, we have always opposed the all too frequent resort to sanctions against a country. Yugoslavia is an important factor for restoring regional peace and stability. We appeal to the international community and all parties concerned to actively create the conditions for turning the temporary easing of sanctions against Yugoslavia into a complete lifting of sanctions. Currently, the voice in favor of so doing is gaining momentum in the world because this is beneficial and necessary not only to Yugoslavia but also to its neighbors, as well as to regional and world peace, stability, and development.

Fifth, countries should not interfere in the internal affairs of other countries; and the international community should help the parties concerned seek a peaceful, fair, and reasonable settlement of the former Yugoslav question in the spirit of "taking history into account, facing squarely up to reality, and looking forward to the future." China will, as always, work together with the international community and exert efforts to restore peace and stability in the former Yugoslavia. We will also adhere to the five principles of peaceful coexistence in continuously developing friendly and cooperative relations with the five countries of the former Yugoslavia equally, without discrimination.

After discussing the current international situation, Qian Qichen said: Under the current international situation, China will continue to steadfastly implement the independent foreign policy of peace; devote itself to safeguarding national independence and sovereignty; strive to create an international environment favorable for China's reform, opening up, and modernization construction; maintain world peace; and promote common

development. China is a major factor for peace, stability, and the promotion of development in the world today. China calls for the establishment of a peaceful, stable, fair, and reasonable new international political and economic order on the basis of the five principles of peaceful coexistence and other established norms of international relations. This will accord with the interests of all countries and the aspirations of all peoples in the world. China hopes that the 21st century will become a century of peace and development, a new century in which a brand new international political and economic order will be established. China sincerely hopes that the Balkans will become a region of lasting peace, stability, and prosperity.

Supports Lifting UN Sanctions

OW1204095995 Beijing XINHUA Domestic Service in Chinese 0534 GMT 11 Apr 95

[By reporter Wang Sen (3769 2773)]

[FBIS Translated Text] Belgrade, 10 Apr (XINHUA)—Qian Qichen, Chinese vice premier and concurrently minister of foreign affairs, emphasized here today that China is concerned about peace and stability in former Yugoslavia and the Balkan region and hopes that a fair and reasonable settlement acceptable to all parties will be found soon to resolve the conflict and crisis in the region.

Qian Qichen made the comment at a press conference in the Federal Building at the end of his two-day visit to Yugoslavia.

Qian Qichen said: China is very concerned about the problem of Bosnia-Herzegovina and the conflicts and crisis in former Yugoslavia. China is a big country far away from this region. We don't have, nor will we seek, any personal interest.

He said: Yugoslavia is an important country in the region, and is capable of playing a major role in safeguarding regional peace and stability. We hope to advance the overall peace process in the region with the lifting of sanctions against Yugoslavia so that peace will eventually prevail, turning the temporary ceasefire into lasting peace, the temporary easing of sanctions into a lifting of sanctions, and hostility, conflicts, and distrust into mutual recognition, equality and mutual benefits, mutual respect, and cooperation among these nations.

Answering a question on the relationship among the nations of the former Yugoslavia, Qian Qichen said: The borders of the countries of the former Yugoslavia should not be altered and their territorial integrity and sovereignty should be respected. The cohabitation of many nationalities in this region has its historical origins. It is a fact that cannot be altered. For this reason, the legitimate rights and interests of all nationalities in the region should be respected and protected.

Speaking of the goals of his visit to Yugoslavia, Qian Qichen said that he has two goals for the visit. The first is to acquaint himself with the situation at all flash

points in former Yugoslavia; the second is to explore the possibility of cooperation between China and Yugoslavia in various fields, including economic cooperation and trade. We have signed some documents and reached some agreements. We also plan to sign a bilateral economic cooperation and trade agreement within a year. He said this was preparation so that, once sanctions against Yugoslavia are officially lifted, relations between the two nations can be restored and developed quickly.

Qian Meets Montenegrin Leaders

*OW1204031995 Beijing XINHUA in English 0145
GMT 12 Apr 95*

[FBIS Transcribed Text] Belgrade, April 11 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen today visited Montenegro, one of the two republics of the Federal Republic of Yugoslavia, after a two-day stay in Serbia.

In the Montenegrin capital of Podgorica, Qian held talks with President Momir Bulatovic and Prime Minister Milo Djukanovic on bilateral relations and issues relating to the former Yugoslavia.

During the talks, Qian praised the unremitting efforts being made by the Montenegrin people to protect state interests and to restore and develop their economy.

For their part, Bulatovic and Djukanovic warmly welcomed Qian on the occasion of his first visit to the republic.

They briefed him on the republic's stand on issues related to the former Yugoslavia and on the hardships inflicted on its people by the UN-imposed sanctions.

They also expressed their appreciation for China's fair position on issues relating to the former Yugoslavia.

Political & Social

Li Peng Says Central Leadership Transfer Done

OW1204110095 Beijing XINHUA in English 1047
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Chinese Premier Li Peng said here today that the transfer of central leadership in China from the second generation of leaders led by Deng Xiaoping to the third generation with Jiang Zemin at the core has been completed smoothly.

The new generation of leaders are capable of leading the people to push forward the country's various causes, Li said.

The premier made the remarks this morning during a meeting with participants at the China Summit, an international economic forum which ended here Tuesday [11 April].

Li said China's economic development needs a peaceful international environment and a stable domestic situation.

Without these two conditions, Li said, China's economy could not be able to maintain a sustained, fast and healthy growth.

He noted that people overseas are following developments in China. "I can tell you with responsibility that China enjoys political stability," he stressed.

The premier said Deng Xiaoping's theory of building socialism with Chinese characteristics and the principles of reform and opening to the outside world have taken root among the people and will continue to be implemented.

Speaking of China's economic development, Li said China is still a developing country and its per capita GNP is still very low, although the total amount is high and the output of some products leads the world in some fields. On the other hand, he added, economic development in different areas of China are much unbalanced, and 80 million people, six percent of China's total population, still have problems with the basic needs of living.

Li said China will maintain a growth rate of eight-nine percent by the end of this century.

The premier noted that China needs to make hard efforts in order to reach the average economic level of developed countries by the middle of the next century.

During the one-hour meeting, Li also gave an account of China's measures to control inflation, increase the efficiency of enterprises and develop agriculture.

Speaking of agriculture, Li said that China can feed its people on its own by effectively transforming low-yielding arable land and applying advances in science and technology.

Li noted that it is a contribution to the world that China feeds its huge population on its own.

During the hour-long meeting, the Chinese Premier also praised the fruitful cooperation between foreign businessmen attending the forum and their Chinese partners, and said that China encourages businessmen from all over the world to conduct comprehensive cooperation with China including cooperation in infrastructure construction.

Beijing Mayor's 'Maneuvers' To Stay in Office

HK1204044895 Hong Kong HSIN PAO in Chinese
12 Apr 95 p 10

[Report: "Chen Xitong Praises Jiang Zemin in Bid To Keep His Official Post"]

[FBIS Translated Text] According to an official in Beijing, Chen Xitong, secretary of the Beijing Municipal CPC Committee, warned that some officials had been seduced by the evil ways of capitalism. A few days ago, Wang Baosen, vice mayor of Beijing, shot himself because of his suspected involvement in a bribe-taking case.

Under such circumstances, Chen Xitong, a hard-liner, was forced to pay great tribute to CPC General Secretary and State President Jiang Zemin. It was reported that he had wrangled with Jiang Zemin for several months before Wang Baosen killed himself. Chen Xitong was evidently feeling guilty about Wang Baosen's suicide, which suggests that corruption phenomena are prevalent in the Beijing Municipal Government.

In a speech published on the front page of BEIJING RIBAO, Chen Xitong said: "Since reform and opening up, an overwhelming majority of leaders and cadres have firmly stood up to various tests under new circumstances." However, he admitted that "a small number of people are weak-willed, cannot stand up to tests, and have been perverted by the corrupt ideology of capitalism and the bourgeois lifestyle. Their defeat has seriously blemished the party's and the government's image and reputation."

The investigation of Wang Baosen's suicide is being conducted by officials of the central government. This is unusual because under normal circumstances, similar cases would have been investigated by the procuratorial organ in Beijing. It strongly indicates the particular importance that Jiang Zemin has attached to the operations against corruption and power abuse.

A source has said that Chen Xitong had reached an agreement with Jiang Zemin on settling their disputes. He made his position known through this speech, in which he mentioned the general secretary five times. By comparison, he only followed the official requirement and mentioned the name once in every other recent speech.

It is understood that amid the increasingly tense power struggle against the widely-rumored imminent death of

CPC veteran Deng Xiaoping, Chen Xitong, Political Bureau member, is one of the first of a group of leaders to start making public maneuvers to keep themselves in office.

Paper Examines Delay in Announcing Chen's Death

HK1204065095 Hong Kong EASTERN EXPRESS in English 12 Apr 95 p 1

[By Didi Tatlow]

[FBIS Transcribed Text] China's fragile balance of power showed its cracks yesterday in the official handling of the death of the Communist Party grandee Chen Yun, 90, stirring fears of political fallout and increased factional strife in a country already in the grip of a deathwatch surrounding the paramount leader, Deng Xiaoping.

The New China News Agency (XINHUA) failed for more than 28 hours to carry news of Chen's death just after 1400 on Monday [10 April]. XINHUA's silence was taken as a sign of disunity, since preparations for Chen's death are believed to have been in place for over a year.

The deafening silence from Beijing surrounding the passing away of the most senior figure in China since the death of Marshal Ye Jianying in the mid-1980s is raising fears that things are not as they should be in Beijing.

With the Standing Committee of the Politburo now almost certainly meeting to discuss the implications of his death, some fallout is expected.

Chen was portrayed as the representative of a conservative tendency within the top leadership, a revolutionary-generation standard bearer.

There is continuing tension within the Chinese leadership over how to steer the economic reform programme launched in 1978, which has produced deep social tensions along with rocketing inflation.

A perceived threat from conservative-minded leaders following the death of Chen, their symbolic mentor, may provoke a counter move by the more liberal wing of China's top leadership.

Although Deng, 90, and Chen have not been politically active recently, the legitimacy conferred by their names has been exploited by factions.

"Li and Jiang have used his name as a sceptical father-figure" observing the breakneck pace of economic change, according to sources. "It could be a fairly ideological period now, and just after the funeral, with people using it as an opportunity to reinforce their views," they said.

China's official television news devoted about 20 minutes to Chen's death yesterday, with presenters dressed in funeral black and dirges accompanying a picture of an old and frail Chen.

The tribute, significantly, appealed to the people of China to support the party in its work and described Chen's death as "a great loss to the party and the nation".

A Beijing-based analyst described Chen's death as a "mixed blessing. In a way, this may prepare people for Deng's death," she said.

Chen Death Brings Fears About Political Stability

HK1204045095 Hong Kong SOUTH CHINA MORNING POST in English 12 Apr 95 pp 1, 7

[By Beijing bureau chief Jasper Becker]

[FBIS Transcribed Text] Chen Yun's death has eased fears among foreign observers that China will abandon the drive towards capitalism after Deng Xiaoping dies. But it has heightened fears about China's political stability.

Foreign diplomats in Beijing interpreted the delay in announcing his death as a sign of uncertainty within the Communist Party as Jiang Zemin tries to strengthen his grip on power before Mr Deng leaves the scene. "If they are so nervous about Chen, how long will they wait to announce Deng Xiaoping's death?" asked one Western diplomat.

For many years analysts had talked of a "death race" between Mr Deng and Chen. The two were born within six months of each other. Mr Deng was born first in August 1904 but was for decades Chen's subordinate in the party hierarchy.

Such was Chen's influence that it was thought that if he outlived Mr Deng, he would slow China's reforms and promote central planning. "Deng won the race but it no longer matters as much as it would have two or three years ago," a Western diplomat said.

Without Chen the future direction of the reforms is more certain but his absence might also stimulate the conflict between potential winners and losers of the succession struggle.

Both Mr Deng and Chen are among the "eight immortals," the most powerful members of the generation who joined the Communist Party after its founding in the 1920's and who controlled China's destiny in the post-Mao era.

Of the eight, only five are alive: Mr Deng, Bo Yibo, Yang Shangkun, Peng Zhen, and Song Renqiong. Chen has now joined Wang Zhen, Li Xiannian, and Deng Yingchao and many others who died in the past few years. Among them is Chen's foremost protege former vice-premier Yao Yilin.

These Long March era veterans gradually discarded their most important titles in the late 1980's but retained a final say in party affairs through the Central Advisory Commission (CAC). This institution was unique to the

Chinese Communist Party and was created by Mr Deng after 1978 to formalise the power of the revolutionary generation.

It was abolished in 1992 after which the public appearances of Chen and his colleagues became more and more infrequent. However, the CAC's members always took charge at key moments. The CAC orchestrated the dismissal of former party secretary Hu Yaobang in 1987 for being too soft on student demonstrations and "bourgeois liberalisation."

At such moments of crisis CAC chairman Chen ignored party rules and convened an enlarged Politburo meeting to ensure enough votes to oust Hu. The CAC was also behind the decision to dismiss Zhao Ziyang in 1989 and to authorise the Army's intervention against the student protesters.

"Without Chen Yun and the CAC, there's a power vacuum. No one has the final say anymore except Deng who is on his deathbed," a Western diplomat said. "That's why the leadership is so nervous."

Any power struggle within the party leadership will now have to be settled by Mr Jiang—core of the "third generation"—who lacks the unchallengeable authority of the "first and second generation" of leaders. Observers believe economic issues are no longer central to the power struggle.

"With both Chen and Deng more or less out of the picture there's no longer a clear two-line struggle over economic policy," a Western analyst said. Chen was regarded as the flag bearer for a politically conservative group of leaders who ensured the appointment of premier Li Peng in 1987. Since then, Mr Li has promoted slower economic growth against the wishes of Mr Deng.

As a Jeremiah figure, the influence of Chen's warnings is seen in the way Mr Jiang and others repeat his fears that the party is being undermined by pervasive corruption created by Mr Deng's dual-track economy. Cadres have enriched themselves by exploiting the gap between state and free market prices while weakening the party's power base by fostering the private sector.

Chen's reputation as a moral beacon was enhanced by his record under Mao. While Mr Deng had enthusiastically backed Mao's disastrous Great Leap Forward in the late 1950's and persecuted intellectuals in the Hundred Flowers campaign, Chen opposed these policies.

Chen's own policies helped China recover from the famine which cost tens of millions of lives but Mao condemned him as a "rightist." This verdict was deliberately withheld by one of Mao's secretaries Tian Jiaying which may have saved Chen's life during the Cultural Revolution.

Chen dropped out of sight feigning illness and devoted himself to studying local opera. He did not return to centre stage until after Mao's death.

Beijing Sets Goals for Social Insurance Reforms

OW1104140695 Beijing XINHUA in English 1353
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—China is set to change its cradle-to-grave social insurance system to get employers and employees to shoulder the responsibility as the country strives to develop a socialist market economy, a senior Chinese official said here today.

Top priority for this year and the years to come will be given to the introduction of a new system of pensions and jobless benefits, said Wang Jianlun, vice-minister of labor.

"The pension reform has been the focus of attention of China's 28 million retirees and many workers, and a new jobless benefits system is especially necessary for building a modern corporate system," Wang said at a national conference on social insurance.

The new pensions will cover all workers no matter what their job, or who the employer is, in five years. Coastal cities and major inland cities will reach the goal in three years, according to Wang.

The core of the system is personal payment instead of sole financing by the state, and the amount of the pension depends on the amount the individual and his company have paid.

"This is in line with the principle of fairness and efficiency, which will encourage employees to work harder and encourage businesses to make their payments on time," the vice-minister said.

She asked local labor departments to speed up reforms in the jobless benefits system, especially in the 18 cities chosen for pilot projects to improve capital structure.

Jobless funds could be used to re-train the jobless or to look for new avenues of work, Wang said.

Experiments with reforms of the medical insurance system have been carried out in two middle-sized cities and are set to be expanded to many others, she said.

Accidental injury insurance is to be worked with upgrading preventative measures and safety standards to protect the health and safety of workers.

The new social welfare system has been seen as being indispensable to a market economic structure, Wang said, adding that China has made headway in reforms in this area.

By the end of 1994, all state-owned enterprises and collectively-owned enterprises in 2,024 cities and counties participated in the new scheme. The new system is now found in all foreign-funded enterprises and private businesses.

Some 95 million workers had taken part in the jobless insurance by the end of last year, and 1.87 million

received relief payments last year, while 5 million workers and 500,000 retired people paid for medical insurance at the same time. Some 868 counties experimented with a new accident insurance system and 539 with a maternity insurance system.

Women's Conference Workshop Opens in Beijing

HK1204093595 Beijing CHINA DAILY in English
12 Apr 95 p 2

[By Wang Yonghong: "Women Open Conference Preparations"]

[FBIS Transcribed Text] An international workshop aimed at paving the way for a successful women's conference opened in Beijing yesterday.

It was part of the preparatory activities for the World Conference on Women in Beijing in September.

The five-day workshop focused on rural women's roles, their problems, and needs.

Thirty Chinese and overseas woman scholars, experts and officials attended the workshop at the Beijing Agricultural University.

It was sponsored by the China Centre for Integrated Agricultural Development (CIAD) and Thailand's Asian Institute of Technology (AIT).

The conference will debate such issues as population and childbearing rights, women and the environment, and jobs for women.

CIAD Director Li Xiaoyun yesterday encouraged participants to research the role and potential of rural women in decision and policymaking.

Delegates were also encouraged to identify the demands of women for agri-technical training and family management, find problems and expectations of rural women, and put forward a programme of action for women's increased participation in agricultural development.

"Women are important but often neglected, members of rural communities," said Li.

However, Li said that they are playing an increasingly important role in rural and agricultural development following the changes taken in economic reform and society.

Official Calls For Improving Fire Prevention

OW1104163195 Beijing XINHUA in English 1553
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—Improving the entire society's awareness of preventing and fighting fires in China is a must, said State Councillor Luo Gan at a national meeting on fire control today.

"Modernization of a country should consist of modernization of fire control," said Luo, "without modern fire control facilities as a guard, China's development will certainly be affected."

A number of fires over the past several years, causing severe loss of life and property, have seriously upset economic development and affected social stability in different towns, damaging the Party's and the State's image at the same time, Luo noted.

He said that he believes that doing a good job in fire control and ensuring safety in different areas are the unavoidable responsibility of officials at various levels.

While calling for the removal of or dealing with hidden causes of major fires in accordance with the law, Luo also emphasized investigating and assigning guilt to those persons responsible, together with their leaders, for serious fires.

He said that safety is also a kind of "efficiency", and that maintaining safety is a means of protecting existing resources and treasures, and the efficiency comes from preventing and reducing possible damages.

Luo went on to explain that efforts made in protecting existing resources are an effective way of enlarging riches, but failing such efforts, people may pay dearly for it.

The main reason for frequent serious fires is the fact that some people lack a proper understanding of the importance of fire control work as a part of the modernization drive and the relations among economic construction, urban building, and fire control safety.

In their drive to increase development speed for short-sighted economic benefits, they have left out, or decreased, investment in fire control, urban planning, and construction, Luo pointed out.

These mistakes work against the objective rules of economic development and urban construction, according to the State Councillor, who urged different towns to give fire control a major place in their future economic and social development plans.

Senior Official Urges Enforcement of Fire Codes

HK1204093695 Beijing CHINA DAILY in English
12 Apr 95 p 2

[By Xiao Ma: "Official Urges That Fire Codes Be Enforced"]

[FBIS Transcribed Text] Local governments should provide incentives for overseas firms to operate in China but not at the expense of safety standards, a senior state official said during a national fire control conference yesterday in Beijing.

Some local governments in an attempt to make investing in China more appealing to foreign companies, have

lowered seemingly prohibitive safety standards, especially in the area of fire prevention, Secretary General of the State Council Luo Gan said.

Some government bodies, Luo said, have lowered fire codes as "preferential policies" for overseas investors, while others have simply taken a laissez-faire attitude toward fire code violators in pursuit of economic profits.

"This was totally harmful," Luo said, adding that the mishandling of the relationship between fire control and economic progress was the "chief reason" for the rash of major fires in China since the 1980s.

"We should tighten our supervision, and consider this as part of our services for them," he said.

China's widespread fire outbreaks have caused an annual loss of about 3 percent of gross national product and prompted the government to curb them.

But the fires have still raged on. In January and February, major fires broke out in Jiujiang of Jiangxi Province, Zhenzhou in Henan Province, and Shenzhen, Luo said.

And a March 14 department store fire in Liaoning's Anshan City left 35 people dead.

Luo also called on social sectors to promote fire prevention.

The focus of these efforts, Luo said, should be on enterprises, public facilities, and entertainment centres such as discos and movie theatres, where more than 2,000 people died in fires last year.

"The leader of every enterprise and institution is the number one person in charge of fire prevention and when violations occur, that person is to be blamed," he said.

Hidden fire hazards should be eliminated and fire prevention knowledge should be spread to the general public, Luo said.

He also urged the country's firefighters to intensify their efforts to minimize fire hazards.

Red Cross Society Said Developing Rapidly

OW1204024895 Beijing XINHUA in English 0218
GMT 12 Apr 95

[FBIS Transcribed Text] Nanjing April 12 (XINHUA)—The Red Cross Society Of China (RCSC) Has Been Making Great Achievements In Its Development, Qian Zhengying, president of the RCSC, told a council meeting of the society here today.

Qian said that the issuing of the Law on the Red Cross Society had ensured the development of the society, which now boasts 158,000 grass-roots units and 21 million members.

Last year, about 140,000 members of the Red Cross Society of Sichuan took part in social service activities,

while the Red Cross Society of Zhongshan City in Guangdong Province in south China set up social welfare programs such as building houses for the aged and establishing hospitals.

In the aspect of providing disaster relief, in 1994 the RCSC allotted 13.6 million yuan in relief materials and 2.87 million yuan in relief funds for disaster-stricken areas, and received 110 million yuan in assistance from the International Red Cross Society. It also sent 1,415 medical teams and 8,525 rescue workers to the disaster-hit areas.

In addition, in 1994 the RCSC received 357 delegations from Red Cross societies in other parts of the world and sent 24 delegations to attend international meetings and visit foreign countries, offering relief funds of 3,446,500 U.S. dollars and 2,445,000 yuan-worth material assistance for disaster areas in other parts of the world.

TV Drama About Model Official To Begin Filming

OW1104142395 Beijing XINHUA in English 1406
GMT 11 Apr 95

[FBIS Transcribed Text] Jinan, April 11 (XINHUA)—A six-part TV drama on Kong Fansen, a model Chinese official who dedicated his life to the prosperity and economic progress of Tibet, will soon begin filming.

A production team for the series, which is sponsored by the Organization Department of the Central Committee of the Communist Party of China (CPC) and the Propaganda Department of the CPC Central Committee, will leave for Tibet soon and complete the shooting of some episodes there.

To do the script, writers have gone to Kong's birthplace in Liaocheng city, in east China's Shandong Province, and to areas in Tibet, where Kong worked, such as Gamba county, Ngari Prefecture, to conduct interviews and collect materials for the drama.

The series will be jointly shot by the Central Television Station, the Shandong Film and TV Drama Production Center, and Tibet Television Station. The drama is expected to be completed around July 1.

Kong, who was born in 1944 and raised in Liaocheng city, worked in Tibet for more than a decade, and died in a traffic accident on November 29, 1994. At the time, Kong was party secretary of Ngari Prefecture, a position he had been appointed to on April 4, 1993, after having worked for six years in Tibet.

***Scholar Favors Collectivism Over Individualism**

95CM0206A Beijing XUEXI YU YANJIU [STUDY AND RESEARCH] in Chinese No 3, 5 Mar 95 pp 18-20

[Article by Professor Lin Tai (2651 3141), Qinghua University: "Collectivist Values in a Socialist Market Economy"]

[FBIS Translated Text] The Standard of Individualism Is Not the Standard of Socialist Relations

All of the essential theoretical mistakes of the "neoethical views" of "individualism" or "what is good for oneself benefits others" originate in "selfish individualism." As those who hold such views regard abstract and isolated human individuals as the basic units of society, and society as nothing more than a simplistic aggregation of such human individuals, they then conclude that "egoistic objectives" are the only motivations for human thought and action. But Marxism holds that: "The essence of mankind is certainly not an inherent abstraction of the individual alone. In reality, it is the sum of all social relations." (*Selected Works of Marx and Engels*, Vol 1, p 18) And while society is composed of many individuals, it is not a simplistic aggregation of abstract and isolated individuals alone, but rather an organization of specific social relations. While one article vividly likened the relations between individuals and the society to those between notes and the melody in which the notes constitute the melody, the melody acquires a new nature that transcends its notes, combining many notes to give them a new kind of meaning. Similarly in relations between individuals and the society, specific social relations link up many individuals, meaning that social relations are of a higher nature than individuals, as well as determining the essence of individuals. So while Marxism certainly does not deny private interests, it does not recognize abstract and isolated private interests divorced from specific economic and social relations. As private interests are always tied to specific social relations, the private interests in differing social relations vary in nature. So the human pursuit of interests and the values that reflect such pursuit of interests are also invariably intertwined with specific social relations. It is specific social relations that determine the particular interests pursued by humans and the nature of their corresponding values, not the existence and interests of any abstract and isolated individuals alone that determine that mankind can engender only "private" and "egoistic" values. With this point cleared up, we can fully understand why primitive society engendered "group selfishness" with tribes and clans as its basic units, not "individual selfishness." Slave and feudal society not only had the dominant values of "everyone for himself and the devil take the hindmost" that were suited to the needs of private ownership and the exploiting class, but also produced the "organic whole" thinking, characterized by social stratification. Bourgeois individualism thus originated in the production relations of capitalist private ownership, which were sharp anti-feudal bourgeois weapons, as well as essential weapons for the pursuit of surplus value, and which were accompanied by enterprise "organizationalism" governed by the law of surplus value, and the spirit of "stratism" representing a country's "gross-asset clannishness." But socialist collectivism was a product of socialized large-scale production and public ownership, reflecting a coalition of the proletariat and working

people grounded in socialized large-scale production, whose standard was the interests of the proletariat and the people, essentially different from the "self-centered" thinking of bourgeois individualism and any exploiting class, as well as from the "colony thinking" required for primitive society and slaveowners, feudal lords, and the bourgeoisie.

It is thus obvious that there were historically many types of social relations, and subsequently many types of values, certainly not "individualistic" and "egoistic" values alone. And a prerequisite for the emergence of any genuine collectivist thinking is bound to be a coalition of many people with consistent interest relations in a specific social relationship, which can transcend a simplistic aggregation of many individuals, produce more might, and bring higher and greater profit. Meanwhile: "It is only in the collective that individuals can acquire the means to fully develop their talents. In other words, it is only the collective that makes individual freedom possible ... on genuine collective terms, all individuals win freedom in and through their own coalition." (*Ibid*, p 82.) So the implications of collectivist thinking certainly do not exclude individual interests, but rather better represent within the collective the individual interests of the many, as well as transcending qualitatively and quantitatively a simplistic aggregation of these individuals. It is only this premise that leads to the idea that collective interests precede individual ones, and subsequently to the lofty spirit that individual interests should be sacrificed to collective ones when necessary.

China's ancient warriors who fought for the interests of the Chinese nation, and our modern national heroes who resisted imperialist aggression, sacrificed their lives for our overall national interests. And the brave warriors who gave their lives to liberate our working people during our revolutionary war period, and images such as the "Iron Man spirit" and the "Lei Feng spirit" that emerged in great numbers during our period of socialist construction, were a glorious expression of the revolutionary collectivist idea that the interests of the people take precedence over all else. Their thoughts and actions were absolutely not governed by any so-called objective laws such as "forever for oneself, and occasionally for others," and even less so by their realization that "if they helped others, they would acquire even more advantages and profits," but rather by their conscious understanding of the collective interests of their nationality, country, and class, as well as the social relations that represent such interests. As we are now practicing a socialist market economy, is it the case that we no longer need such collectivist values? It is of course not. Comrade Xiaoping has said that: "What we mean by the four modernizations is the socialist four modernizations. But they emphasize the four modernizations at the expense of socialism. That overlooks the nature of things, as well as deviating from China's development path." (*Selected Works of Deng Xiaoping*, Vol 3, p 204.)

On the same grounds, as we call our market economy a socialist market economy, emphasizing a market

economy at the expense of socialism also overlooks the nature of things. A socialist market economy is one in which the state represents the overall public interests under the macroeconomic regulation and control of a socialist state, which social relations naturally need to be guided by collectivist thinking to deal correctly with the relations of the state and the public to collectives and individuals, as well as advocacy for a spirit of contribution to the state and the public. Of course, as a socialist market economy is still a market economy, a market economy's characteristic spontaneity and blindness, as well as its existence of diversified economic components and plural and multilevel interests subjects, is likely to spontaneously produce individualism and a small-group mentality. And while we recognize this reality, it is precisely due to it that we are in even greater need of the guidance of collectivist ideas to overcome the disruptions of so many types of spontaneity to ensure that our market economy development stays in the service of public and state interests.

The Theoretical Mistake of "Subjectivity Is for Oneself, While Objectivity Is for Others"

The theoretical mistakes of the idea that "subjectivity is for oneself, while objectivity is for others," or of the "neoethical views" of "helping others is for one's own benefit" involving "always for oneself, and occasionally for others," also originate in their "selfish individualism." In fact, Marx has long since thoroughly analyzed such thinking. Marx said that: "Economists express this point as follows: As everyone pursues their own private interests, and their own private interests alone, they unwittingly serve the private interests of all, or the general interests. The crux of the matter is certainly not that when everyone pursues their own private interests, they then realize the overall or general interests of private interests. Such an abstract argument can lead instead to the conclusion that everyone hinders the realization of others' interests, with the verdict reached by such a battle of all against all not affirming universality, but rather denying it. The crux of the matter is rather that: Private interests per se are already socially determined interests, and can be realized only on socially created terms and through the means provided by society. In other words, private interests are intertwined with the reproduction of such terms and means. So while these are private interests, their substance, forms, and means of realization are determined by social terms not assigned by anyone." (*Collected Works of Marx and Engels* Vol 46, pp 102-103)

These words of Marx were directed at the views of classical economists such as Adam Smith who advocated a laissez-faire market economy, holding that everyone could act in their own interests alone, relying on reconciliation by the "invisible hand" to realize "the private interests of all, or the general interests." Marx analyzed the errors of these economists in two areas. 1) The "private interests" of "everyone" and "the interests of others," as well as "private interests and overall or

general interests" are conflicting. Moreover, in capitalist society, the clash of such interests leads to "a battle of all against all." So "egoism" certainly does not seem to be "for others," with "subjectivity for oneself" certainly not seeming to be "objectivity for others and for society." On the contrary, they are likely to "hinder the realization of other's interests," consequently "not affirming universality, but rather denying it." This truth is obvious, with the historical and practical cases of such "subjectivity for oneself, but objectivity being a disadvantage to others and society" being too numerous to mention. Even under socialism, where nonresistance is the major form of the conflict of interests, such conflicts still exist. When subjectivity for oneself conflicts with the interests of others and society, how should it be handled? This is a question that the ideas of "subjectivity for oneself and objectivity for others" or "helping others for one's own benefit" cannot answer. But Marx held that the more crucial matter was: "As private interests per se are already ones determined by society," "their substance and forms and means of realization are determined by social terms not assigned by anyone." In other words, as private interests per se are already a form of social interests, is their substance actually private interests that exploit others' interests, the private interests of the coalition of workers, or private interests in a natural economy? In the current stage of socialism, are private interests distribution according to work, some other form of distribution, or illegal activity? So-called "private interests" are always determined essentially by specific social relations, not by isolated individual selfishness, or by the pursuit of "one's own private interests alone." "Private interests" in varying social relations differ in nature. 2) In addition, the "forms and means of realizing" private interests are also social, with particular productive forces and their corresponding economic and social relations determining which private interests can be realized and which cannot. As "private interests" "can be realized only on socially created terms and through socially provided means," if they run contrary to the specific "reproduction of social terms and means," "private interests" cannot be realized. So there is no such abstract "subjectivity for oneself, but objectivity for others," only "private interests" determined by specific social relations and the relations of individual interests to others' and social interests.

A question giving much food for thought is: Why are ideas that were set forth by classical economists over two centuries ago, which have long since been criticized by Marx, and which have been proved unworkable in practice, still repeatedly appearing in China now, as well as finding a certain amount of support? I believe that this is due to some blind worship of market economy spontaneity in the course of our practice of a market economy. While some may believe such ideas subjectively, perhaps out of the fine aspiration that they can pursue individual interests without hindering others' interests, such ideas grounded in "selfish individualism" are absolutely unscientific, do not conform to socialist market economy

needs, and are unable to correctly deal with the conflicting relations among the state, collectives, and individuals. Genuinely scientific ideas can be grounded only in Marxist ideology with social relations as the standard. On socialist market economy terms, it is only when the dominant position of socialist economic relations is suited to the guiding role of socialist collectivist thinking that we can deal correctly with the conflicts among the interests of the state, collectives, and individuals, to overcome market economy spontaneity and ensure that our market economy develops in the right direction.

*Experts Discuss Minority History Research

95CM0208A Beijing MINZU YANJIU [RESEARCH IN NATIONALITIES ISSUES] in Chinese No 1, 25 Jan 95 pp 108-109, 102

["Summary" of the Chinese Nationalities History Institute's Fifth Academic Forum by Wen Mi (2429 4434): "Ways To Make China's Minority History Research Serve Reality"]

[FBIS Translated Text] The Chinese Nationalities History Institute's Fifth Academic Forum, with the theme of "How To Suit China's Minority History Research To Current Conditions So That It Better Serves Reality," was held in the city of Shenyang on 20-24 August 1994. This forum was attended by 70 delegates from 18 provinces, municipalities, and autonomous regions, including nationalities such as the Han, Manchu, Mongolian, Zhuang, Hui, Korean, Miao, and Tujia. Heated discussion focused closely on the abovementioned theme.

The participating delegates held that in today's reform and opening, the joint discussion of ways to suit China's minority history research to the needs of the times and changing circumstances, by seizing opportunities, meeting challenges, and better serving the building of our "two civilizations," was not only an issue of great concern to all, but also a matter affecting the developmental direction of future minority history research.

Many delegates first noted in their speeches that since the establishment of New China, the pertinent state sectors have created fine working conditions and a fine climate for minority history research, bringing a picture of prosperity to China's nationalities historiography studies. In recent decades, research in this discipline has provided many key theoretical and practical grounds for a number of state decisions on nationality issues, as well as making many valuable contributions to tightening the unity among all Chinese nationalities, consolidating national unity and security, and promoting the cause of cultural and educational development in minority nationality regions. This shows fully that practical service is a fine tradition of China's minority historians, as well as that minority historians have made practical service their glorious mission. Some delegates also noted that they had never studied history just for history's sake, with a particularly important aim of their historical studies being to guide reality. No matter the country,

history needs to either serve reality directly and indirectly, or lose its historical research significance.

But many delegates to the forum emphasized that for minority history to serve reality, it must be correctly understood. In general, as the science of history, including nationality historiographic research, finds it very hard to produce direct economic efficiency, it is held that minority history research in today's tide of reform and opening is hardly worthwhile, which view is undoubtedly onesided. While economic development is of course important, being a key criteria for judging a society's civilization, it is not the only criteria. For a country to prosper and flourish, in addition to building up its economy, it also needs to take many noneconomic actions to promote development of all causes and steadily raise its national quality. Moreover, to make its economy grow, it needs to rely on science, which depends in turn on education. And while education is a noneconomic activity, who would deny its importance! In fact, while China has always been building our "two civilizations," the shock of the great tide of commodities in recent years has led certain sectors to emphasize in practice economic efficiency somewhat at the expense of the importance of social results. Some delegates also noted that the central emphasis on the overriding importance of national stability is absolutely correct, as a country cannot build without stability. And domestic unity among all nationalities is a crucial guarantee of national stability. As minority history researchers have always made improving unity among all nationalities one of their crucial objectives, the social value and immediate significance of minority history research must not be underestimated.

Participating delegates generally held that minority history studies not only could serve reality, but also ought to be very worthwhile. Some delegates noted that the study of successive nationality policies has great practical significance. As China has been a multinational country for over two millennia, why is it that during this time the Chinese nation has been able to grow steadily stronger, with our multinational unity intensifying constantly? While there are of course many reasons for this, a crucial factor is our successive nationality policies. Of course, while our current nationality policy cannot be placed on a par with the historical nationality policy of any dynasty, a conscientious summary of the pros and cons of the past policies that have been used to deal with the various relations among all nationalities is quite valuable for improving China's nationality policy and consolidating and developing our equal, united, and reciprocal socialist nationality relations.

Many delegates held that the current sharp emphasis on patriotic indoctrination is also quite worthwhile for minority historians. Patriotic indoctrination is directed not only at youth, but rather ought to be a permanently emphasized national indoctrination, as patriotism is the key motivation inspiring and linking the peoples of all nationalities in heroic sacrifice, the source of the power

inspiring progress, and of particularly crucial significance in reinforcing the cohesiveness of the Chinese nation. Patriotic traditions in China are longstanding and well established. In the great struggles to preserve national unity, resist outside aggression, and develop our country, a group of heroic figures has emerged from all Chinese nationalities to make a great contribution to the Chinese nation. Minority historians ought to do all possible to search out all of the signs of the abundant patriotism stored among all nationalities, as well as writing historical works about them as incentives to later generations. This would undoubtedly be fine service to reality.

Many delegates to the forum also noted that as almost all countries in today's world are ethnically diverse, generally all having ethnic problems to varying degrees—while international reactionary forces have always exploited ethnic and religious issues for subversion and separatism—every minority historian studying the problem ought to take an overall strategic stand to contribute better to unity among all nationalities and national unity and security. In recent years, all areas have conducted in-depth studies on certain issues such as enhancing nationality relations and policy, and the cohesion of the Chinese nation, as well as publishing a group of quite influential works which have played a positive role in raising the national consciousness of all Chinese nationalities and the overall awareness of the Chinese nation and in promoting unity among all nationalities and stability in minority nationality regions.

Some delegates pointed out the need to better study China's cross-border nationalities, which is also a matter of much practical significance. Because in our past studies of ethnic problems in border regions we merely stood on our borders and looked inward, we need to broaden our horizons. As China has over 20 nationalities living in close proximity to the same nationalities in neighboring countries, better studying cross-border nationalities will not only deepen the overall understanding of certain peripheral nationalities, but also will help to develop good-neighborly and friendly relations, thus promoting stability and prosperity along China's borders.

Certain delegates also noted the need to combine border studies with ethnic studies. As many Chinese minority nationalities are located on our borders, which is a longstanding historical order, China's border and ethnic problems are very closely related. So combining their study will have crucial significance in promoting prosperity and stability in the minority nationality regions on our borders, as well as in reinforcing China's national defense.

Some delegates also emphasized that the pertinent overseas data report that many countries are paying particular attention to the study of border history, investing in it many human and financial resources, as territorial disputes exist among many countries, and thus a practical as well as an historical issue. Since such problems also exist in China, we should not evade them, as they are significant issues affecting our national sovereignty

and territorial integrity, as well as part of the current diplomatic struggle. We ought to organize our forces as soon as possible to accumulate data and analyze research. In the last decade, scholars engaged in the study of border nationality problems have written many pertinent works, making a great effort to preserve our national integrity and using their own achievements to prove the practical significance and social value of minority history research.

Certain other delegates noted the need to better study nationality development over the last four-plus decades, which will be of crucial significance for the modernization of our minority nationality regions. For instance, some held that as reform and opening have intensified, the cause of the ever-growing economic development gap between eastern and western China has been too little investment in our western minority nationality regions. But as the state economic sector does not agree with this, we need to make certain quantitative analyses. Taking another example, while all of our minority nationality regions have undergone great change in the four-plus decades since Chinese liberation, certain minority nationality regions have developed faster and others slower. Why is this? Whether it is due to policy, individuality, or other causes also needs in-depth study. If we can learn clearly our minority development history over these four-plus decades, that will have a great impact on and significance for the future joint prosperity of our minority nationality regions and our whole country.

In short, as the realities pose many issues and there are many issues that can be studied, minority historians should take an active, not a passive, approach to serving reality.

But many delegates, when discussing ways for nationality history studies to serve reality, also emphasized generally that historical research must not make forced analogies, rather observing historical fact instead of distorting or changing it due to certain needs, as adaptation is dysfunctional. Some delegates also noted that while our research should face up to reality, we need to consider our advantages when selecting topics for study, noting whether data is available and whether the terms for study exist, instead of just going with the tide to study whatever is popular or money-making. Some delegates also pointed out that some people, to "adapt," are engaging in certain unfamiliar shortsighted, mediocre, or fast-paced studies to the neglect of their own proper duties. Some are even ignoring historical solemnity and engaging in certain novelties in the pursuit of economic efficiency, which is harmful to certain minority nationality sentiments and quite improper. Minority history studies that serve reality need to persist in being scientific and pay attention to the relations of history to reality, politics, and economics, as well as clarify their differences. As politics and economics are characterized by constant change, with reality changing even faster, the way to adapt to these changes can only be to adhere to the features of history per se, by proceeding to serve reality through the laws and features of historical science.

Science & Technology

Beijing Prepares for World Meeting on Science Parks

OW1104091395 Beijing XINHUA in English 0843
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—Beijing is making preparations for an international meeting on science and research parks to be held here in September this year, officials said.

Members of the organizing committee for the Fourth International Conference on Science and Research Parks said today that they have received more than 60 theses on topics ranging from new technology and economic development to science and research parks in industrialized countries and developing nations.

An executive from the China High and New Technology Industrial Development Zone Association said that China has founded 13 national development zones and 40-some provincial ones since 1991, providing facilities for more than 30,000 enterprises, one-third of which are of new and high-technology companies.

The conference is being sponsored by the Beijing New Technology Industrial Experimental Zone and the Development Zone Association, both of which joined the International Association of Science Parks (IASP) in 1991.

IASP was founded in 1985.

World Meeting on Solar Energy Opens in Beijing

OW1104143395 Beijing XINHUA in English 1421
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—The United Nations Educational, Scientific, and Cultural Organization (UNESCO) should set up a fund to support the development of solar energy and other renewable energy resources in China, according to a world conference that opened here today.

The conference, entitled "Solar Energy in China—High Level Expert Meeting", was sponsored by UNESCO, the China Academy of Sciences, and the national committee of UNESCO in China, and is part of the 1994-1995 plan of UNESCO's World Solar Summit. Its aim is to advance research and development into new and renewable energy resources in China and prepare for the World Solar Summit in 1996.

At present, more than 900 million Chinese live in rural and remote areas, with more than 100 million of them having no access to electricity. In addition, five to eight percent of the population are not able to use clean drinking water, while some 80 million people live below the poverty line.

Development and use of renewable energy is significant for the prosperity of those areas, as well as for harmony

between the development of rural economy and the protection of ecology, according to participants at the conference.

Over the past dozen years or so, China has made great strides in the utilization of solar energy, according to Wang Shucheng, Vice-Minister of Energy Resources. China now has several dozen solar power stations on highlands of the Tibet Autonomous Region and Qinghai Province, with a generating capacity of some 400 kW. In Tibet alone, four counties have solved the power problem using solar energy resources. A 35,000-kW solar power station is scheduled to be built in Lhasa, capital city of the region.

Thirty foreign guests from the United States, Germany, France, and Italy, and more than 100 Chinese scholars, officials, and entrepreneurs attended the meeting.

Beijing To Build New Generation of Mobile Phones

OW1204103195 Beijing XINHUA in English 0834
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—The Beijing Telecommunications Bureau (BTB) announced here today that it will open the Global System for Mobile Communications (GSM) later this month.

GSM is a new generation of mobile telephones, only a few years old. At present a "GSM MOU Organization" has been established, with over 100 managers from some 60 countries and regions joining it. BTB has authorized the Beijing Wireless Telecommunications Bureau to join the organization.

BTB finished the construction of the GSM network at the end of last year, with equipment introduced from Motorola and Nokia. A four-month trial operation proved that the network is qualified.

At present the network has a capacity of 20,000 lines, and within the year this will be expanded to 100,000 lines, BTB officials said.

The GSM system adopted advanced coding and decoding technologies, as a result, it has the advantages of low noise, high anti-jam power and high security. Meanwhile, it is also capable of providing extended services such as E-mail, short-information service, fax and digital communications. It is also easy to realize domestic and international automatic roaming.

BTB officials said that so far 17 Chinese provinces and cities have been constructing GSM networks, of which Guangzhou, Shanghai and Tianjin have already opened business. BTB has also signed an agreement with the Hong Kong Telecom CSL Mobile. By the end of this year the Beijing GSM Network is expected to realize automatic roaming with the above networks and the GSM networks in Singapore and European countries.

General

Li Tieying on 1995 Structural Reform

HK1004041395 Beijing ZHONGGUO GAIGE in
Chinese No 2, 13 Feb 94 pp 6-15

[Speech by Li Tieying at the National Work Conference on Structural Reform on 20 December 1994: "Unify Understanding, Brace Up, and Successfully Carry out Next Year's Economic Structural Reform"]

[FBIS Translated Text] Comrades,

The aim of this national work conference on economic structural reform is to implement the spirit of the central economic work conference; acquire a correct understanding of the current situation; unify our understanding and inspire our spirit; and study plans on how to conduct next year's reform successfully, expedite the country's economic development, and maintain the stability of our society.

I would like to discuss four issues today.

I—Acquire a Correct Understanding of the Current Situation of Economic Development, and Conscientiously Implement the Spirit of the Central Economic Work Conference

A central conference on economic work was convened by the party Central Committee and the State Council from 28 November to 1 December. The conference summed up the progress of reform and development over the past year; analyzed the current situation; unified people's understanding and ideas; and studied and determined the guiding ideology, main tasks, and policies and measures for next year's economic work. At the meeting, Comrades Zemin, Li Peng, and Rongji made profound analyses and assessments of the current situation of reform and economic development across the country. Their analyses and assessment tally with reality, and I am in total agreement with them. I believe we should base ourselves on these analyses and assessments so as to unify people's understanding of the current situation.

During 1994, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and on the basis of a thoroughgoing analysis of both the domestic and international situations, the central authorities decided to regard the practice of "seizing favorable opportunities, deepening reform, expanding opening up, expediting development, and maintaining stability" as a task of overall importance for the whole party and country, thus appropriately handling the relationships among reform, development, and stability. As a result, the situations of both economic development and reform have remained sound, and new achievements have been registered.

The national economy maintained a good trend of rapid growth during the year. Annual GNP growth is estimated at 11-12 percent, the added value of industry is expected to increase by some 18 percent, and the product mix has

been further readjusted. Despite the fact that many parts of the country have been hit by such serious natural calamities as floods and droughts, the country's total grain output is expected to reach 890 billion jin, a fairly high grain yield in history, while the total purchase of commodity grain is expected to maintain last year's level. Major farm products, such as cotton and oil-bearing crops, have borne good harvests. Sustained development has been registered in the rural economy, and town and township enterprises have been further strengthened and expanded. The excessive growth of fixed-asset investment throughout society has been brought under control, dropping from 58.6 percent last year to a hopeful 28.5 percent this year. With the composition of investment being further improved, 1994 has witnessed the greatest progress in the construction of state key projects ever achieved over the past several years. The domestic market is brisk, there is an ample supply of goods for everyday consumption, and the problem of an imbalanced supply and demand of means of production evidently has been alleviated. New progress has been recorded in the practice of opening the country to the outside world. Total import and export volume topped \$200 billion for the first time, and total annual volume is expected to reach \$235 billion. The country's cash balance, which stood at \$21.2 billion at the end of last year, is estimated to reached some \$50 billion at the year's end. Meanwhile, this year's total direct foreign investment is expected to exceed \$30 billion, and a number of internationally influential consortiums and conglomerates have increased their investment in China. The living standards of both urban and rural residents have been constantly improved. After allowing for price increases, the actual growth of the per capita annual net income of peasants and the per capita living expenditure income of urbanites has increased by about 4 and 7 percent, respectively, over last year. It has been estimated that this year's total savings deposits by urban residents will increase by 600 billion yuan and more, pushing the balance up to more than 2,000 billion yuan.

All these facts serve to prove that the principles, policies, and macrocontrol measures we have adopted this year to accelerate reform and development are correct and effective. What we have done this year has won the consent and support of the masses of the people, as well as positive appraisals from the international community. At the same time, however, we also must be aware of a number of prominent problems and difficulties currently existing in the process of economic development.

First, the unduly high price increases and the grim inflation situation remain the most prominent problems for the present period. Many factors account for the current runaway price increases, of which Comrades Zemin, Li Peng, and Rongji made profound analyses at the central economic work conference. One point I would like to emphasize here is that inflation is one kind of economic illness. Although we do not wish to contract this illness, we cannot avoid being infected by it. Once we fall ill, we must try to treat the illness, and with rapid cures in particular. To cure ourselves of this illness, we

must gain a clear idea of its seriousness, and then suit the remedy to the case. Inflation is not helpful, but harmful to economic development, and any attempt to stimulate the growth of our economy by using inflation are, just as Comrade Jiang Zemin put it, tantamount to "drinking poison to quench thirst." If we fail to take steps in earnest, the serious inflation will disrupt economic relations, misguide the allocation of resources, distort the present interest setup, destabilize society, impair the sound environment of reform and opening up, and impair the interests of the masses of the people. The central economic work conference made it clear that stemming inflation will be a prime task for next year's macrocontrol. Efforts should be made to attain the desired inflation-control targets by stabilizing demand, increasing supply, rectifying circulation, and readjusting the supply-demand structure of commodities.

It is incorrect to think that curbing inflation is the business of the central authorities alone. Both central and local governments at all levels should adopt resolute measures, mobilize the forces of all society to make concerted efforts, and strive to noticeably bring down the general price level within a relatively short period of time.

Second, the agricultural foundation remains weak this year, and its restrictive role in the country's economic development has been fully brought to light. The retail price increase index covering the period from January to October this year showed that the prices of foodstuffs directly related to grain and other major farm products went up by 33.9 percent, thus pushing up the general price level by 13 percentage points, with a proportion of about 60 percent. Comrade Zemin stressed at the central economic work conference that efforts to boost agriculture should be given first priority in real terms. When studying and arranging reform tasks for next year, we must take into consideration three issues related to agriculture: agricultural production, the rural economy, and the income of peasants. We must not waver in the slightest degree in the understanding that agriculture serves as the foundation of the national economy.

Third, the structural readjustment is proceeding at a slow pace, and as a result, the operational mechanism of state enterprises still fails to suit both the changing demands of the market and the development of market relations. One direct consequence of this situation is that a considerable number of enterprises, especially state-run enterprises, have encountered numerous difficulties in production and operation, and currently are plagued by overstocks of unmarketable manufactured goods, debt chains, and poor economic returns. Workers and staff members in certain poorly run enterprises have seen their actual living standards decline. In view of this situation, governments at all levels should try by every possible means, to solve the problems currently facing state-owned enterprises through deepening reform and readjusting the structure. This is a task of great importance in our current bid to handle correctly the relationships among reform, development, and stability.

Fourth, there exist many distorted and confused practices with relation to payroll distribution, and the growth of wage income still outstrips the growth of both economic efficiency and labor productivity. Runaway distribution of gross wages, and an irrational structure not only will weaken the future development of our economy to a serious extent, but also will further widen income gaps between different regions, between urban and rural areas, and between different trades and industries, thus impairing the stability of society. We must take this matter seriously.

These difficulties and problems currently existing in our economic life can be attributed to different factors. Some of them are unavoidable in the course of the country's old economic system being replaced by the new; some are caused by people's failure to implement strictly the government's measures and policies, and by today's still-imperfect laws and regulations; some are new problems that have cropped up under the new situation; and still others are brought about by our faults at work. Generally speaking, these difficulties and problems result from the current situation wherein a new socialist market economy system has yet to be built up, and the country is still unable to adapt itself to the new demands of economic development. In this sense, deepening reform still can be said to be a fundamental solution to these problems.

II—Correctly Assess the Economic Structural Reform of 1994

The year 1994 is the first for the implementation of the "Decision of the CPC Central Committee on Several Issues Concerning the Establishment of a Socialist Market Economy System." In line with the arrangements of the party Central Committee and the State Council, a series of major reform measures has been promulgated this year, and these measures have been put into practice smoothly, as scheduled, and have yielded satisfactory results. Meanwhile, decisive strides also have been made in the building of new systems. All these achievements should be attributed to the joint actions taken by governments at all levels in showing consideration for the interests of the whole, and these achievements also are inseparable from the unremitting efforts of comrades working on the front of economic structural reform across the country. We can say that we have fought a winning battle this year in tackling key problems existing in reform.

1. We have made breakthroughs in key areas, while pressing ahead with the whole project of reforming the financial, banking, foreign trade, and foreign exchange systems, as well as other macrolevel management systems.

The reform of the fiscal and taxation system has taken major strides forward. The framework of a revenue-sharing system has been set up, while preparations for the establishment of state and local taxation bureaus have been basically fulfilled, and the two sets of taxation

institutions have begun to function. Major readjustments have been made in the turnover tax system, and as a result, tax rates have been simplified and unified in line with uniform standards, thus establishing the position of the value-added tax as a main component of the taxation system. The income tax for domestically invested enterprises and for individuals has been unified respectively, and a number of tax items—including the resource tax—have been readjusted. Judging from its implementation during the year, the new fiscal and taxation system is functioning normally, and the fiscal and taxation reform has attained its desired targets, thus exerting a positive impact on China's improvement of its financial situation. During the period from January to November, the country's financial revenue reached 419.5 billion yuan, up by 18.9 percent over the same period last year.

Reform of the banking system is progressing steadily. The role of the central bank in stabilizing the value of the renminbi, and in exercising supervision over the banking industry has been reinforced, while the macrocontrol ability of the banking system has been improved. Three policy-related banks—the National Development Bank, the Import-Export Bank of China, and the Agricultural Development Bank of China—have been set up, representing an important step in separating the functions of policy-related finance from those of commercial finance. Banking legislation has been accelerated, and the drafts of a number of major banking laws and regulations, including the "the People's Bank of China Law" and the "Banking Law of the People's Republic of China," have been discussed by the State Council and formally submitted to the National People's Congress for examination and approval. Malpractices, such as illicit lendings and borrowings, as well as unauthorized fund-raising, have been basically checked. The scale of both currency issue and credit has been brought under satisfactory control during the year, roughly meeting the control targets set at the beginning of the year.

Major headway has been made in reform of the foreign exchange management system. We have successfully unified the official exchange rate of the renminbi with the rate of the foreign exchange adjustment market, abolished the foreign exchange retaining and delivery system, and installed systems for bank settlement and sales of exchange. An interbank foreign exchange trading market has taken initial shape which relies mainly on designated banks as primary trading bodies. The successful exchange rate unification has laid a solid foundation for establishing a well-managed floating rate system based on the supply and demand of the market, and also for turning the renminbi into a fully convertible tender. At present, the country's foreign exchange market is operating smoothly, and a slight revaluation has been registered in the exchange rate of the renminbi.

Reform of the foreign trade system has been carried out in depth. We have exercised indicative planning on gross imports, collection of export proceeds, and outgo for imports; improved the administration on quotas,

inviting public bidding on the quotas of 13 commodities, and practicing an automatic registration system for the import of specific goods; readjusted customs tariff, thus bringing about an across-the-board tariff reduction; introduced new credit policies that are beneficial to the development of exports; and accelerated the pace of foreign trade legislation. The reform of the foreign trade and foreign exchange systems has given a strong impetus to exports, while restraining the blind growth of imports. As of the end of November, total export and import volumes had reached \$102.53 billion and \$97.75 billion, with a growth of 31 and 13.8 percent, respectively, over the same period last year, thus reversing the unfavorable balance in the country's international trade which has lasted for the past several consecutive years.

2. On the basis of institutional innovations, enterprise reform is developing in depth. All basic preparations for the establishment of a modern enterprise system are actively underway. The accounting system of state enterprises has been reformed in line with the "Two Regulations," while the work of evaluating the property and checking up on the capital of state enterprises is progressing smoothly. New breakthroughs have been made in the implementation of the "Regulations on Changing the Operational Mechanism of State Enterprises," and the power granted to enterprises to make their own decisions on investment and the handling of assets has been further materialized. The reform of enterprises' internal management system has been further deepened. A number of localities have taken positive steps, and have attained certain results in exploring concrete ways to relieve enterprises of their heavy debts, surplus staffing, and social burdens.

An initial step has been taken in launching pilot projects for the establishment of a modern enterprise system. The State Council has called special meetings this year to arrange experiments with the modern enterprise system. In addition to the 100 pilot enterprises under the direct charge of the State Council, about 2,000 pilot projects have been launched by different provinces, autonomous regions and municipalities. Upon the promulgation of the "Corporation Law," all localities have stepped up their efforts to standardize the operation of existing joint-stock enterprises. A number of workable and effective enterprise reform patterns continue to be employed, including the establishment of enterprise groups; the reorganization of enterprises through mergers, joint operations, and the introduction of foreign capital; the removal and change of enterprise production lines; as well as the lease, auction, and bankruptcy of enterprises. All these reforms have succeeded in saving a number of loss-making enterprises, have used part of the state-owned stock assets in a flexible way, and have accumulated new experience for the further deepening of enterprise reform.

3. The reform of the price and circulation systems has been further deepened, and the building of a market system is developing in depth.

This year, we have lifted controls on the price of coal produced under unified planning; appropriately raised the price of electricity; and increased the purchase prices of crude oil, grain, and cotton by a fairly wide margin. Coordinated reforms also have been conducted in the circulation system and management methods of crude oil, refined oil, grain, cotton, and chemical fertilizers. Moreover, we have accelerated the readjustment of the organizational structure of state-run commercial, material, and grain enterprises; organized and set up a number of new circulation enterprise groups and chain stores that suit the needs of the market economy; and taken an initial step in launching pilot projects for the establishment of composite commercial associations. In the face of inflationary pressures, governments at all levels have attached increasingly greater importance to the macrocontrol and supervision of commodity prices, and have initially set up a risk fund and a system for stockpiling and regulating reserves of a number of major commodities.

The market of key production elements continues to expand. We have focused on expansion of the bond market, and have improved the issuance patterns of national bonds. As a result, a total of 102.86 billion yuan worth of national bonds were issued within a prescribed time, overfulfilling the issuance target. Both the inter-bank placement and bill discount markets have been further standardized. A labor market has been set up in all large and medium-sized cities across the country, and the number of employment agencies, vocational training centers, and other intermediate labor employment organs is growing rapidly, thus facilitating the orderly movement of labor forces. The land market and other markets of key production elements also have undergone certain development.

One of this year's major tasks is to rectify the circulation order of key commodities. To fulfill this task, we have promulgated a series of market rules and regulations; improved market practices; standardized trading behaviors; and attained fairly satisfactory results in rectifying the banking, futures, and real estate markets.

4. The coverage of the social security system has been expanded, and the reform of the housing system is progressing smoothly. Old-age insurance has been expanded to cover the workers and staff members of foreign-invested and privately run enterprises, as well as individual laborers. A social security system under overall planning has been installed in 99 percent of the country's cities and counties, in all state enterprises, and in some collective enterprises, involving a total number of 83.02 million workers and staff members, which accounts for 71.8 percent of staff employed by urban enterprises. In line with the principle of "integrating the overall-planned social security with individual accounts," Shanghai, Ningbo, Guangdong, and other localities have begun experiments with the old-age insurance system which are undergoing a smooth progress. Meanwhile, a pilot scheme with the medical insurance system has just been launched in the two cities of Jiujiang and Zhenjiang. Continued efforts will be taken to implement the

State Council's "Stipulation on Job-Awaiting Insurance for Redundant Workers and Staff Members of State Enterprises," and to further expand the coverage of unemployment insurance. The reform plan for the social security system already has won an in-principle go-ahead from the central authorities and the State Council.

On the basis of a successful crackdown on the malpractice of selling residential houses at low prices at the beginning of last year, the State Council promulgated last August the "Decision of the State Council on Deepening the Reform of the Urban Housing System," thus outlining a basic framework for the new urban housing system. The "Decision" calls for efforts to build up a comprehensive housing provident fund system, to accelerate the construction of economical and practical residential houses, and to standardize the leasing and sales terms of such houses. In a bid to explore a new system for the construction, maintenance, and management of residential houses, and to set up a system whereby economical and practical houses of a social security nature can be provided to medium- and low-income families, the State Council has drawn up plans for launching the national "comfortable dwelling" housing project. At present, all provinces, autonomous regions, and municipalities are stepping up their efforts to draw up implementation plans for housing reform in line with the unified arrangements by the State Council, while the housing reform plans of a number of cities already have been put into operation. The general situation in housing reform is good.

5. The practice of opening the country up to the outside world has maintained a good trend of development. The deepened reform of the foreign trade and foreign exchange systems has helped to promote the country's undertaking to open up. One new feature of this year's foreign investment is that more and more major international corporations are coming to invest in China, more investment has been made in the development of basic industries and public utilities, and more foreign investors tend to expand their investment scope to central and western China. By the end of last November, the number of newly approved foreign invested enterprises had exceeded 41,000, and a total of \$27.77 billion of foreign capital had been put to actual use, up by 38.7 percent over the same period last year. Special economic zones and coastal open areas have made vigorous efforts to explore new roads for "creating new superiorities," and have attained initial results in this aspect.

6. The process of economic legislation has been accelerated. In 1994, we have attached great importance to the building of the legal system, thus pushing the work of economic legislation to a new level. A number of major laws and regulations have been promulgated and put into practice, including the "Budget Law," the "Audit Law," the "Labor Law," the "Management Methods of Urban Landed and Real Estate Property," the "Foreign Trade Law," the "Regulations Concerning the Management of Landed and Real Estate Properties in Cities,"

and "Several Stipulations Concerning the Bankruptcy of State-Owned Enterprises." Different localities also have worked out promptly a number of local rules and regulations. For example, Shanghai has formulated more than 60 local rules and regulations this year. Meanwhile, various departments also have drawn up a number of departmental regulations.

As quite a large number of major reform measures have been adopted this year, we have encountered a number of new problems in the course of their implementation. Thanks to efforts exerted by all sides to seek prompt solutions and to take supportive measures to dovetail different reforms, we can well say that today, all major reforms required by the "Key Points Concerning the Implementation of the 1994 Economic Structural Reform" basically have achieved their desired goals.

While correctly recognizing the accomplishments we have attained in development and reform this year, we also should conscientiously study the problems currently existing in the process of reform, be fully aware of the grievances of the masses of the people, and seek unity of thinking on a number of major issues. Here, I would like to air my own views on some of these issues.

On the issue of macroeconomic control and regulation: In light of a number of problems faced by the country's economic development, the government has adopted a series of measures to reinforce macrocontrol, which has been implemented ever since last year. All these measures have been proved correct by practice. Macrocontrol and the market mechanism are not antagonistic. Effective macrocontrol by the government not only will make up for the deficiencies of the market, but also will ensure our economy's healthy operation and its fairly high efficiency. Therefore, the establishment of a perfect macrocontrol system itself is an important component of the market economy system.

China's economy is still in the stage of structural transformation, so a macrocontrol system that suits the development needs of the market economy can be set up only gradually, through deepening reform. However, neither should we simply equate macrocontrol measures with structural reforms. Macroeconomic control and regulation are aimed at maintaining sustained and stable economic growth, as well as sound economic order. Therefore, some of the macrocontrol measures can be regarded as reform measures, while others do not partake of the contents of reform. We still need to exercise macroeconomic control and regulation, even after the socialist market economy system has been set up and perfected. This is a dynamic process that requires us to constantly readjust the weight of control. To acquire a correct understanding of the many measures adopted in the macroeconomic field this year, we should differentiate one from the other, and deal with each case on its merits.

Moves to substitute the tax-sharing system for the old system of fixed quotas for revenues and expenditures,

and to turn the renminbi into a conditionally convertible tender for the current account can be regarded as measures to reform the country's traditional economic system, while moves to stem illicit borrowings and lendings, as well as ultra vires tax reductions and exemptions, to halt international futures trading transactions, and to limit unauthorized undertaking of foreign indebtedness are simply considered actions taken to redress the deviations in our economic life. Moves to readjust tax and exchange rates, and to maintain a balanced supply and demand of foreign exchange are not considered part of the structural reform; however, they are regarded as normal operational procedures of economic levers. It is common practice for a number of temporary administrative means to be adopted to deal with serious problems cropping up in economic operations: Limiting the prices of certain key commodities, for example.

We can well see from international practice that even under market economy conditions, the power to exercise macroeconomic control and regulation is centralized with the state authorities in all countries without exception. Similarly, the socialist market economy system that China has established also requires that macrocontrol power be focussed in the central government. To constantly improve and perfect macrocontrol measures and policies, we need to reinforce economic and legal means, and to refrain from unnecessary administrative interference.

On the issue of accelerating reform and opening up: During the initial stage of reform, we focused our efforts on attracting foreign investment by providing foreign investors with preferential treatment. This policy conformed to the historical environment and conditions at that time, and therefore was deemed necessary. Today, with well-developed reform, where should we place the focus in introducing foreign investment? The facts have shown clearly that reform will be handicapped if we rely only on the practice of introducing foreign investment by providing foreign investors with preferential treatment. To open the country up to the outside world in real terms, a fundamental way is to establish, through reform, a structure that is in line with international practice. We can say that competitions between different economies are, in a certain sense, competitions between different structures. Only with a sound legal system and an effective operational mechanism can we carry out the practice of opening up on a long-term basis, attain major accomplishments, and bring greater growth to our economy in real terms.

On the issue of proceeding from the realities of economic development: To boost its development and reform, a country should not indiscriminately copy the practices and experiences of other countries; neither should a locality imitate indiscriminately the practices of development and reform in other localities. All localities should determine their own main directions for reform in accordance with both the essential requirements of the new market economy structure and their own local economic development strategies, as well as in light of

major local problems demanding prompt solutions. What must be emphasized here is that the level of economic structural reform in a locality cannot be completely reflected by its level of economic development. Localities with a not-so-high level of economic development can be in the vanguard of reform all the same.

Over the past several years, a number of provinces, autonomous regions, and municipalities have gained practical experience in guiding backward regions to boost their reform and economic growth. Take Shandong Province, for example. At the beginning of 1993, the Shandong provincial party committee and government decided to experiment with reform and opening up in nine selected counties in less advanced areas. They tried to accelerate the development of these experimental counties by encouraging different departments, as well as more advanced counties, to bring along the work of the less advanced, and by creating conditions so that these counties could gain a self-promoting ability, supplement each one another with the specific superiorities of each, gain mutual benefits, and attain common development. With one year's hard efforts, convincing changes have taken place in these nine counties. In 1994, Shandong expanded the scope of the experiment to more counties, for a total of 25, and achieved evident results in pushing the experiments in depth. During the period between January and October this year, the average growth of GDP and financial revenue in the 25 experimental counties stood at 29.8 and 31 percent, respectively—12.1 and 6.3 percentage points higher than the province's average, while the per capita net income of peasants exceeded 1,000 yuan. In the space of as little as two years, the economic growth rate of less advanced areas in Shandong has noticeably surpassed that of advanced areas in eastern China for the first time in history, showing a gratifying trend whereby the gap between the economies of the eastern and western parts of the country is being narrowed constantly. The State Commission for Restructuring Economy and the city of Lanzhou have made joint efforts, and already have achieved initial results in launching a pilot scheme by which a commercial and trade center will be set up in Lanzhou to push forward the economic development of the northwestern part of China.

I hope comrades working in the central and western parts of the country can change their outmoded concepts, and do away with the conventions formed over a long period of time in the past; further emancipate their minds; proceed from local realities when opening themselves up to the outside world, and establishing lateral ties with other parts of the country; adopt more flexible policies; create a more relaxed environment; and further expedite their pace of reform and opening up. The State Commission for Restructuring Economy—and its sub-commissions at the provincial, regional, and municipal levels—also should do more work to guide the work of these areas, offer more advice and suggestions, and help them narrow their gap with advanced coastal areas at an early date.

On the issue of standardization in the course of reform: When carrying out reform, on the one hand, we should encourage people to take bold actions and break new paths; on the other, we should stress the need to standardize such actions according to the law. This is not a self-contradictory move. Pushing forward reform in a standardized way not only will prevent reform measures' being distorted in the course of implementation, and minimize risks and losses, but also will help facilitate a smooth readjustment of relations between power and interests. Generally speaking, most standardized views and rules are formulated on the basis of a certain amount of experience accumulated from experiments and explorations. Of course, standardized views and rules also need to undergo further improvement alongside the development of practice. Reform itself is a great experiment, and we encourage all localities and departments to carry out their work within the government's overall framework of reform, to abide by the general principles and policies of the central authorities, to vigorously explore new paths, and to have the courage to bring up new ideas. It is impossible that no mistake will ever be committed in the course of exploration, but once we make errors in work, all we need to do is redress them promptly.

III—Give Prominence to Key Issues, Deepen Reform, and Accelerate the Establishment of the New Economic System

The year 1995 is an important one for the continued implementation of both the guidelines laid out by the "Decision" of the Third Plenary Session, as well as of the spirit of the Fourth Plenary Session of the 14th CPC Central Committee, and for laying a solid foundation for the establishment of a new socialist market economy system by the end of this century. At the same time, it is also a year linking the Eighth and the Ninth Five-Year Plans. Our overall work in the new year will continue to be carried out along the line of "seizing favorable opportunities, deepening reform, expanding opening up, accelerating reform, and maintaining stability." We must handle correctly the relationships among reform, development, and stability in all fields of endeavor, and through reform, should bring about and ensure the sustained, rapid, and healthy development of our national economy.

In line with the arrangements of the central economic work conference, the general tasks for economic structural reform in 1995 are: **Make breakthroughs in state enterprise reform, which is aimed at establishing a modern enterprise system; adopt supportive measures to help reform the social security system, cultivate a new market system, and transform the functions of the government; further deepen and improve the structural reform of macrocontrol management, while simultaneously paying close attention to reforms in other fields.**

To make a success of the 1995 reform, we must act persistently under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and must uphold the party's basic line.

Persistent efforts should be made seek truth from facts, and to proceed from reality in all cases. It is important to regard "three beneficial's" as a criterion for formulating all reform measures, and for judging the results they have yielded. In carrying out reform, we must focus our attention on resolving the prominent problems and contradictions currently existing in actual economic life, and must regard the development of productive forces as the aim of reform. In 1995, reform will focus closely on restraining inflation, readjusting the economic structure, improving economic efficiency, and increasing effective supply.

It is imperative to rely mainly on public ownership. We will actively explore diversified ways of realizing public ownership under the conditions of a socialist market economy, and will ensure that the value of state assets is preserved and increased.

Continued efforts will be taken to make breakthroughs in key areas, while at the same time, to press ahead with the whole project of establishing a socialist market economy. On the one hand, we will give full consideration to the integral and systematic nature of reform, and push it forward by introducing coordinative reforms; on the other, we will pay special attention to key links, facilitate institutional innovations, and try to make substantive headway in this aspect. In addition, we also will do more work to improve the legal system, with a view to promoting the reform in a standardized way.

All concrete tasks for the 1995 economic structural reform have been laid out in the "Key Points for Implementation of Economic Structural Reform in 1995." Here, I would like to stress the following points:

1. On the reform of state enterprises.

The central government has decided to shift the focus of next year's reform onto state enterprises, thus aiming to build up a modern enterprise system. This policy decision is of great importance, and is totally correct. Enterprise reform serves as the central link in economic structural reform, while the work of running large and medium-sized state enterprises well is a hard nut and a key issue for the current economic development and political reform. The importance of this issue has been explained clearly by several central leading comrades, and the recent central economic conference also has brought up a decision on the targets, key areas, and principles of next year's enterprise reform. We must concentrate our major efforts on implementation of the central government's decision, and must make up our minds to attain realistic results next year in separating the functions of the government from those of enterprises, in accelerating the reform of the social security system, and in enhancing the country's level of enterprise management. Departments in charge of economic restructuring at all levels should focus their work on enterprise reform as a central link, take conscientious steps and put in a lot of work to improve the macroeconomic environment and coordinative reforms of enterprises, and ensure that enterprise reform is developed in depth.

First, we will conscientiously pay attention to conducting experiments with the modern enterprise system. In line with the State Council's principle of assuming individual responsibilities under unified leadership and planning, the State Economic and Trade Commission and the State Commission for Restructuring Economy are required to do a good job in running pilot projects for the establishment of a modern enterprise system in 100 selected enterprises. Meanwhile, all localities are expected to try their best to run well those experiments under the unified leadership of local governments and with the concerted efforts of all relevant departments. They also are urged to provide more guidance for different types of experimental units; to base their efforts on helping enterprises solve their actual problems; to mobilize the enthusiasm of all sides, as well as of the vast numbers of workers and staff members; and to press ahead with experimentation in a down-to-earth manner. Departments in charge of economic restructuring at all levels should step up their efforts, and should provide more guidance for experiments with the modern enterprise system.

Separating the functions of the government from those of enterprises is a prerequisite for the establishment of a modern enterprise system. Whether or not the functions of the government and those of enterprises can be separated in real terms depends primarily on whether or not the functional transformation and institutional reform of the government can be accelerated successfully. The government should maintain strict control over what must be centralized, and must grant to lower authorities those powers that can be decentralized. By no means should governments interfere in the operational activities of enterprises, pursue their own departmental interests, or engage in practicing an "examination-approval economy." The failure of relevant departments to seek unity of understanding in this respect inevitably will lead to internal wrangles and mutual restrictions, thus resulting in a situation wherein "time is lost in disputes, and reform is delayed in mediation." While rationalizing the relationships between the ownership and management of enterprises, governments and departments at all levels are required to separate the functions of the country's state-asset holders from those of the government in exercising social and economic management, to accelerate the pace of changing from departmental management to the management of trades, and to fully crystallize all kinds of decision-making powers needed by enterprises in their legal operation and management.

Second, it is imperative to help enterprises solve their existing problems. To relieve state enterprises of their heavy burdens of historical debts, we need to draw up an overall plan, and to try to solve the problem by restructuring the liabilities of enterprises of different types. To help enterprises that enjoy good economic returns but are plagued by an unduly high debt ratio, we can readjust their debt structures, and liquidate part of their debts by transforming these enterprises into joint-stock or jointly

invested ventures. To help enterprises that enjoy only a narrow profit margin, or even make losses, we should encourage and support dominant enterprises to merge with or purchase the former. In this way, we not only will help the former to clear up their debts so that idle resources can be utilized again, but also will enable dominant enterprises to attain further growth. As for enterprises that enjoy good technological standards and sound management, and that turn out products in line with state industrial policies, we can make rational readjustments to their asset-liability ratio by introducing such measures as the injection of state funds, equity participation by enterprises, joint operation, and debt-equity transfers.

Many factors account for the debts sustained by enterprises, and they are unlikely all to be exempted or offset by the state, nor should they. In this sense, all localities are required to try their best to solve their own problems by reorganizing the structures and circulation of assets and liabilities. Next year, first of all, we should take strong and effective measures to halt the trend of swelling debts borne by state enterprises. We should integrate the work of clearing up historical debts with the practice of changing the operational mechanisms of enterprises, and should help enterprises establish a correct concept of obligations and liabilities. Meanwhile, we also will increase the weight of reforming the management and operational systems for state assets, as well as the state investment and financial system, and gradually will eliminate the malpractice currently existing in our current economic life whereby debts are not repaid.

To solve the overstaffing problem and to reduce the social burdens on enterprises, we should give play to the enthusiasm of the government, enterprises, and workers and staff members. To reduce the surplus staff of enterprises, one method we should introduce is to combine the efforts of enterprises to resettle their own redundant workers and staff members with job searches undertaken by the unemployed themselves, and with the assistance of society in providing jobs, as well as to integrate moves to promote the conversion of industries with those to readjust the industrial structure. To relieve enterprises of their social burdens, we can install an independent internal accounting system, first in auxiliary units, and gradually reduce the subsidies granted to them. When conditions become ripe, we can separate them from their main bodies and turn them into society-run units that assume sole responsibility for their own profits and losses. Qualified units also can be separated from their original organizational system, and can be put under the management of local governments. This job is by no means easy to accomplish, yet we can gradually reach our goal once we act in line with the abovementioned idea in a down-to-earth manner.

Earnest efforts should be made to reinforce the internal management of enterprises; to rely on the roles played by science and technology, and by various systems; and to tap the potential of enterprises. Enterprise reform is not

tantamount to enterprise management, and therefore cannot replace management. Without modernized scientific enterprise management, we cannot begin to talk about a modern enterprise system. We should assimilate and draw on the experiences of foreign countries in enterprise management, and should conduct studies on such issues as operating strategies, enterprise culture, and market information. With a view to enhancing the modern management level of enterprises, we should draw up plans, and should send our entrepreneurs to receive further training in other parts of the country and the world.

It is important to foster a contingent of entrepreneurs. Successful handling of this issue is of immediate and strategic significance to revitalizing state enterprises. A good entrepreneur not only can enliven an enterprise, but also can invigorate a number of enterprises by such means as merging or holding concurrent posts in other enterprises. Entrepreneurs come forward in the social practice of market competition. The training of entrepreneurs must be conducted alongside the reform of both the personnel system and the state-asset management system, and relevant rules and regulations should be formulated to guide the appointment, transfer, remuneration, and reward or punishment of entrepreneurs. Hebei Province has issued special rules to guide the operation of the personnel market with the aim of fostering an entrepreneurial contingent. Other localities also are encouraged to make bold explorations in this aspect.

Third, efforts should be made to promote the circulation and restructuring of state-asset stocks, and to vigorously readjust the industrial structure, the organizational structure of enterprises, and the setup of state-asset stocks. Practice has proven that under the present situation, losses incurred by low economic returns, poor management, and overstocks of manufactured goods have been a great drain on state assets. The fact that state assets have remained in a fixed and non-circulating state for a long time, and never have been integrated with highly efficient dominant assets, constitutes a fundamental cause for both the low efficiency of, and the drain on state assets. Such also are the losses sustained by the owner of state assets concerning their rights and interests. Only when put into circulation can state assets give play to their due efficiency, and better preserve and increase their own value.

We should continue to encourage such practices as joint investment, joint operation, mergers, and innovation by means of changing the line or the location of enterprise production. We will encourage state-run pillar enterprises that enjoy satisfactory economic returns and good prospects for future development to take up loss-making enterprises or enterprises with poor economic returns, and to restructure their assets and readjust their product mix by means of merger, purchase, share-holding, or equity participation. We need to create conditions for state assets or equity to compete in the market, and to facilitate paid transfers. On the other hand, we must

reinforce our efforts to standardize and guide the circulation of property rights; rigorously enforce asset-assessment procedures; and define and materialize by legal means the rights, interests, and obligations of all parties concerned. As for enterprises that have been poorly run for a long time and are unable to clear up their due debts, we can conduct experiments with bankruptcy in a few selected ones, with a view to gradually establishing a mechanism in state enterprises which fosters the excellent and scraps the obsolete. The income gained from auctions of insolvent enterprises should be used, in the first place, for the resettlement of redundant workers and staff members.

Fourth, efforts should be made to expedite the reform of small state-run enterprises. Of China's more than 80,000 state-run industrial enterprises, 66,000 are small ones, accounting for 82.6 percent of the total. The "Decision" of the Third Plenary Session of the 14th CPC Central Committee pointed out explicitly that small state-run enterprises are permitted to undertake leases, contracts, and auctions, while some can introduce the joint-stock system. Compared with the reform of large and medium-sized state enterprises, the reform of small enterprises is easier to operate, and therefore will produce smaller shocks. Next year, all localities are required to accelerate the reform of small enterprises by introducing measures and means of various kinds. This is also an important measure for the readjustment of the organizational structure, product mix, and industrial structure of enterprises. However, the practice of giving away state assets to individuals is by no means allowed.

2. On the issue of accelerating reform of the social security system.

As a coordinative reform to the enterprise reform, next year's social security system reform will focus on reform of the old-age and unemployment insurance systems, as well as on continuing and deepening housing reform. Reform, development, and social stability all require us to accelerate reform of the social security system next year.

Since the beginning of this year, and in line with the arrangements by the State Council, the State Commission for Restructuring Economy has conducted studies on special subjects, and has given initial form to a whole set of programs to guide the reform of the social security system. Meanwhile, the State Council also has given its consent in principal to the Ministry of Labor's drawing up of a program of its own. A work meeting soon will be convened to make arrangements in this field. As a main feature shared by both, the two sets of programs have made it clear that under the new social security system, the old-age and medical insurance packages are to be based on individual accounts, the overall arrangements of society are to be integrated with individual accounts, and the current system of cash receipts and disbursements is to be changed into a partial accumulation system. In this way, laborers gradually can accumulate a social insurance fund of their own on the basis of their

own work. As a result, the more an individual contributes and accumulates, the higher a social security level he can enjoy. This practice also can better reflect the principle of integrating efficiency with fairness.

Ours is a large and populous country, with peasants making up 80 percent of our total population. At present, the economic efficiency of enterprises is not high, and the country is not yet well-off. Such national conditions have decided that we should not copy indiscriminately the practices of foreign countries; offer our people a society security package of an unduly high level, or overall social arrangements of excessive proportions; or allow the practice of "everybody eating from the same big pot" to prevail again. If we fail gradually to increase the ratio of individual contributions, and to introduce the system of partial accumulation, an unbearable burden will be imposed on both enterprises and the state. As a result, the country will find it very difficult to tide over the upcoming peak period of population aging. The target of social security system reform is basically to set up a social security structure that suits the needs of the socialist market economy structure, enjoys a multichannelled capital source and a multilayered security pattern, exercises rights that correspond to obligations, and offers socialized management and services.

The administrative management social security organs should be unified, while actions should be taken to solve such problems as different localities' making up different policies, each locality doing things in its own way, businesses' overlapping one another, and localities' exhausting themselves in internal wrangles and disputes. At the present stage, experiments with the reform of a unified management organ can be conducted in a few selected cities and localities first.

We should separate administrative procedures from the concrete operation of the society security system. In other words, the administrative management of social security should be severed from the operation of the social insurance fund. Relevant government departments are mainly responsible for monitoring the policies, systems, and standards of the social security system, without participating directly in the operation of the insurance fund, while the revenue and expenditure, operation, and management of the social insurance fund all are undertaken by organs in charge of the social insurance fund. Since it is "life-saving money," funds earmarked for social insurance cannot be diverted to, or cut down for other purposes by any means. To reinforce supervision over the operation of the insurance fund, we must see to it that a social supervision organ is set up which is composed of people from all sides concerned. This is one of the government's major responsibilities.

Next year, we will focus our attention on reform of the old-age insurance system concerning the workers and staff members of urban enterprises. Meanwhile, in view of the need to close down, suspend the production of, merge, change the production line of, liquidate, or

restructure certain enterprises—as required by next year's industrial and enterprise structural reforms—we must expand the coverage of unemployment insurance, improve the unemployment insurance system, and redress the previous irrational utilization structure of unemployment insurance money. The biggest part of the unemployment insurance money, at least 80 percent and above, should be used for providing the unemployed with unemployment relief, so as to ensure that they have a basic source of living expenditure income to support themselves and their families. We should gradually change the present practice of distributing the same amount of subsistence allowance to all unemployed; instead, we will pool the money and use it to subsidize those workers, staff members, and residents and their families who really live in straitened circumstances. Shanghai has developed a number of good practices in this respect.

Experiments with reform of the medical insurance system will be expanded appropriately to more units next year. We will act in line with the idea of making overall social arrangements to take care those with major diseases on the basis of individual medical accounts, sum up the experiences gained by the two experimental cities of Zhenjiang and Jiujiang, and make preparations for the establishment of a comprehensive medical insurance system.

The main tasks of next year's housing reform are to implement comprehensively the "Decision of the State Council on Deepening Reform of the Urban Housing System"; to put into practice in an all-round way the housing provident fund system; to vigorously step up rent reform, and make steady efforts to sell public houses; and to accelerate the development and construction of economical and practical residential houses, in line with the implementation of the state's "comfortable dwelling" housing project. Leading cadres at all levels should be fully aware of the urgency and complexity of housing reform, take charge of it personally, and bring housing reform onto the major agenda of both the urban economic reform and the economic structural reform.

First, we should pay close attention to setting up a housing provident fund system. All administrative units and enterprises, as well as their workers and staff members, are required to contribute to the housing provident fund in accordance with the principle of "individual deposits, departmental subsidies, unified management, and special usages." Meanwhile, efforts will be made to improve and reinforce the management of housing funds; to ensure that such funds are used only as designated; and to bring into better play the supervisory roles played by financial, auditing, and supervisory departments in this respect.

Second, in line with the goal of urban economic development and the target of a fairly comfortable housing level, it is necessary to accelerate the development and construction of economical and practical houses, to expand

housing sources, to step up the construction of residential houses, and to provide residents with houses of a social security nature within the scope of their tolerance. When developing economical and practical houses, we should separate administrative procedures from operational affairs, and must never regard profit-making as our aim. Cities experimenting with the state's "comfortable dwelling" housing project should accelerate housing reform, and should make earnest efforts to explore ways of establishing a new housing supply system.

Third, all localities are required to enforce strictly the state's uniform stipulations on the sale of public houses, and no one is allowed to sell off public houses at low prices by means of offering preferential treatment. We should take the overall situation into consideration, seize favorable opportunities, vigorously step up rent reform, and raise rents at an accelerated pace.

Fourth, it is necessary to speed up the construction of the housing services system. In line with the principle of separating the functions of the government from those of enterprises, we will set up business-like property management companies, strive to socialize the maintenance and management of properties, and enhance the quality of housing services. The government's control over the property and real estate market should be reinforced so as to ensure normal operations, as well as fair competition.

The reform of business properties is the focus of the urban housing reform. Large and medium-sized state enterprise should increase the weight of the business property reform, and should vigorously create conditions so that their functions in building, managing, and maintaining properties can be separated from their production and operational activities. On the basis of experiments with reform of the modern enterprise system, efforts will be made to run well a number of large and small state enterprises, turn housing subsidies into a part of wages, set up property management companies, accelerate the construction of living quarters for workers and staff members, and strive for the commercialization of business properties.

3. On the reform of the circulation system and the building of the market system.

Next year, in accordance with the arrangements by the central authorities, we will strive to successfully reform the circulation systems of six commodities, including grain, cotton, pork, vegetables, edible oil, and chemical fertilizers. Our ultimate aim is to build up a structure under which the allocation of resources is determined primarily by the market. It must be emphasized that an important task for deepening reform of the circulation system at the present stage is to rectify circulation order, standardize business behaviors, and stabilize market prices.

The reform of the grain circulation system will be focused on efforts to define clearly the responsibilities and powers of governments at all levels; to set up as soon as possible a multilayered reserve system, and a risk fund

for grain production; and to give shape to a grain circulation system that can maintain timely control over the incoming and outgoing volumes of grain, and can be regulated and readjusted easily. Continuing efforts must be made to transform the structure of grain enterprises in line with the principle of separating policy-related operations from commercial ones.

The focus of reform in the cotton circulation system should be on efforts to support cotton production, and to build up a mechanism for market macrocontrol and quality supervision as soon as possible.

The socialist market system is a unified, organic whole, and the lagging development of any single market inevitably will hinder the market mechanism from playing its role overall. Our focus at the present stage is to develop and improve the wholesale market, as well as the key elements market of major commodities. All localities should give top priority to building a wholesale market for commodities. They not only should proceed from reality in the construction of a trading place, but also should attach greater importance to building a new type of wholesale system and to forging good market relations. To do this, they need to reform their wholesale enterprises, establish a stable industry-commerce relationship, and build up information networks. On the issue of cultivating the market for key production elements, we will make further efforts next year to build up a monetary market that focuses on financing in accordance with the principle of "opening legitimate doors and blocking crooked ways"; actively and steadily promote the financing of stocks and bonds; standardize the operations of interbank borrowing and lending, bill discount, and the national bond circulation market; and impose strict control over experiments with the futures market. Meanwhile, we also will vigorously develop and standardize the operation of the labor, land, and scientific and technological information markets, as well as markets for other key production elements.

Today, the country's total number of surplus rural laborers floating from one province to another is estimated at 250 million. Alongside the structural readjustment of enterprises and the deepening of the enterprise reform, the number of redundant workers and staff members, as well as of the jobless in urban areas, is expected to increase by a wide margin. Therefore, it is imperative for us to provide more guidance to the organization and management of the labor market.

The state's monopoly over the primary market of urban land use rights should be consolidated. Meanwhile, an organ for assessing the value and basic price of land should be set up and improved, with a view to further standardizing and enhancing the management of the secondary real estate market.

To promote the standardization and legalization of market operations, close attention will be paid to the establishment of a market management system, and to the drafting of market rules and regulations. We must

apply more legal and economic means to controlling and regulating commodity prices. In urban areas, we need to keep a close watch over, and regulate the disparities between the wholesale and retail prices of foodstuffs and other major consumer goods. In rural areas, we need to further rectify the circulation order of major means of agricultural production, including chemical fertilizers, pesticides, and seeds; reduce circulation links; and see to it that commodities supplied to rural areas are of good quality. Resolute steps will be taken against the illegal practices of driving up prices, monopolizing the market, and swindling consumers. Governments at all levels are required to strengthen their control over the market, and to gain new experience in maintaining market order, and in guaranteeing open, fair, and just market competition.

4. On experiments with several comprehensive reform packages.

At present, the State Commission for Restructuring Economy has begun experiments with comprehensive reform packages in 18 cities, and with comprehensive reform in 15 counties (cities) and 50 small cities and towns. It has selected 20 cities to experiment with reform of the old-age insurance system for workers and staff members, and launched 31 pilot projects for the establishment of a modern enterprise system. Instead of being under the charge of certain departments, these pilot projects are launched by, and under the total charge of the State Commission for Restructuring Economy, and are therefore experiments in the economic restructuring setup of the country as a whole. Conducting such experiments has proved an arduous task. It is not the number of experiments that matters; what counts is how to make them yield results, how to gain experience from them, and how to use the results and experience gained to guide the reform of other enterprises.

Central cities are the main carriers of enterprises and markets, and are of great significance in terms of position and functions under the conditions of a market economy. Giving full play to the roles of central cities is a task not only for the governments of the cities concerned, but also for all departments under the central, provincial, and regional governments. As they enjoy greater autonomy in conducting pilot projects for reforms, cities experimenting with comprehensive reform packages are expected, in line with the new systematic framework outlined by the "Decision" of the Third Plenary Session of the 14th CPC Central Committee, to have the courage to try new things and open new paths, and to bring up new ideas to transform existing systems. The State Commission for Restructuring Economy also is expected to conduct most of its experiments in pilot cities. Meanwhile, we will support and encourage pilot cities, in light of their own special features and conditions and in accordance with the principle of "three beneficial's," in undertaking experimental tasks and making bold explorations in a number of issues that touch on problems at a deeper level.

We also will apply this same principle to experiments with county-level comprehensive reforms, and with the reform of small cities and towns. The county-level comprehensive reform is a basic task for the establishment of new systems; therefore, experiments with the reform should proceed from the actual conditions of the counties involved, and should be targeted at promoting the economic growth of counties and at increasing the income of residents and peasants. The goal of experimenting with the reform of small cities and towns is to facilitate the on-the-spot transfer of the surplus rural labor force, to link up the development of town and township industry in different localities, and to alleviate pressures imposed on society by tides of migrant laborers. Through the process of urbanizing rural areas, we can reinforce the basic position of agriculture in a fundamental way, promote the growth of the rural economy, and increase the income of peasants.

IV—Adapt Ourselves to the New Situation and Tasks, and Further Strengthen Leadership Over the Reform Work

It has been 16 years since China first started its economic structural reform. The flourishing development of China's economy over the past 16 years is inseparable from either our efforts to take to the road of building socialism with Chinese characteristics, or the principle of reform and opening up. You comrades working on the economic restructuring front have always worked conscientiously for the cause of the party and the people, and have boldly blazed new paths, thus attaining good results in your work and making great contributions to the cause. It can be said that the accomplishments the country has attained in economic structural reform cannot be separated from your industrious efforts over the past many years. Today, China's economic structural reform has entered a new phase, and both the situation and tasks of reform have undergone significance changes. With efforts to further develop the range and depth of reform, the focus of reform has shifted to institutional innovations. This new situation has set even higher demands on reform work.

Building a mature and perfect socialist economy structure is a prolonged process of development, and is also an arduous and complicated social systems engineering project. Instead of being simply piled up like spare parts or blocks, reforms of various kinds are organically linked to one another. Today, reform gradually has become the work of all society, for every reform inevitably will involve the work of a great many different departments, and no department is capable of fulfilling it single-handedly. In view of this, we must draw up overall plans and designs for the reform, and must coordinate its progress by adopting supportive measures and reform packages. With the constant deepening of reform, the difficulties and key problems in our economic life will give expression to more and more deep-lying problems, and will involve more and more fundamental economic relations that exist under the present economic structure.

Whether or not we can successfully maintain sustained, rapid, and healthy economic growth depends largely on the speed and results of the reform process. The greater the difficulties, and the more contradictions we face in carrying out reform, the better we can recognize and prove the significance of the comprehensiveness and coordinativeness of reform.

The series of changes that has taken place in China's reform process also has raised higher requirements on those who lead the reform. Under such circumstances, the issue of how to further develop reform in depth, like the issue of how to better promote economic growth, has become the top-priority work for party committees and governments at all levels. Only when party and government leaders at all levels take personal charge of reform, mobilize and organize local cadres and the masses to take part in reform, familiarize themselves with actual local conditions, and draw up practical and workable reform programs, can reform be pushed forward in real terms and yield greater results. Comrades working in economic restructuring departments should be fully aware of the fact that without the close attention of local party and government leaders, reform can by no means become a success. I hope that all party and government leaders at all levels will show their concern and support for the work of economic restructuring departments, entrust these departments with more tasks, and give them heavier loads so as to bring their roles into better play. The heavier the reform tasks, the more we should reinforce—not weaken—the building of the economic restructuring contingent.

Comrades working in economic restructuring departments should be fully aware of the fact that all departments nowadays are displaying high enthusiasm for reform, and are making vigorous efforts to promote the various reforms concerning their own departments. This is a very good phenomenon. Comrades working in different departments are familiar with the concerted operations within the functionary scope of their own departments, and because they are proficient in their professional work, they will have a deeper experience of all the repercussions that may be caused by reform. This is their advantage, and it is reasonable that they may see things from a different angle, and have different views on certain issues concerning reform. While bringing into play their own advantages in terms of comprehensiveness and unconventionality, our comrades working in economic restructuring departments must recognize the advantages of comrades working in other departments, establish more channels for exchanging views and coordinating with them, learn from and help each other, and give shape to a concerted force in their work. Under the unified leadership of party committees and governments at all levels, economic restructuring departments are expected to work with other departments in designing, experimenting, and implementing various reform programs; constantly sum up experiences; and develop the reform in depth. Such are the requirements of the new situation.

Alongside the changes taking place in the situation and tasks of reform, corresponding readjustments also should be made to the functions and work methods of economic restructuring departments. Basing on the "program of three fixes" ["san ding fang an 0005 1353 2455 2714"], I believe economic restructuring departments in all localities should strive to make a success of their work in line with the principle of "planning, coordination, legislation, and pilot schemes." Meanwhile, they also are expected to carry out their work in a creative way, in light of actual local conditions.

Planning refers to efforts to formulate concrete and workable implementation plans in accordance with the overall target of establishing a socialist market economy structure, and in light of the actual conditions of different departments and localities. All localities are required to include in their economic and social development programs for the Ninth Five-Year Plan, a plan for the establishment of new systems. The two plans should be attended to simultaneously, and with equal attention. Coordination means to balance and dovetail the design and implementation of different reform packages; to conduct timely follow-ups, investigations and studies, and forecasts on key and hot issues, as well as on difficulties that emerge during the implementation of reform programs and plans; and to put forward corresponding policy-related suggestions. At present, particular attention should be paid to the issues of macrocontrol and enterprise reform packages, which prove to be the biggest concern to central leading comrades. Legislation is a new task. The focus of the reform process is being shifted from policy readjustments to institutional innovations, and it will not work without the guarantee of corresponding laws and regulations. Legislation is not the work of the State Commission for Restructuring Economy alone; economic restructuring departments in all localities also are expected to do their bit to coordinate and participate in the formulation and promulgation of local laws and regulations. Launching pilot schemes is an effective way to promote reform. Under the present new situation, we should readjust the old method of running experiments by introducing preferential policies, and should turn our attention to facilitating comprehensive reform packages. We aim to gain fresh experience from experiments. I believe that as long as economic restructuring departments at all levels can put forward reform programs and suggestions that conform to reality, and can help resolve problems and hot issues that emerge in economic development, we surely can play a bigger role in reform, and become really good advisors and assistants to party committees and governments at all levels.

To successfully fulfill the current economic restructuring work, we need to further change our concepts and replenish ourselves with new knowledge. This requires efforts to strengthen training. Over the past 16 years of reform, economic restructuring departments have amassed a large contingent of outstanding people who are ready to dedicate themselves to the country's reform

cause. However, alongside the deepening of reform, and with their work becoming increasingly more difficult, some people in our contingent have difficulty adapting themselves to the reality, and only a small number of our cadres really understand the rules of the market economy. Therefore, we must engage in further study, and must bring up a large number of specialists and experts who are familiar with China's actual conditions, and also have a good command of the inherent rules and operational mechanism of the market economy. The 14th party congress established the leading position of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics throughout the party, and put forward the strategic task of arming the whole party with this theory. This move is of a far-reaching significance to the country's overall situation. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics has brought to light the objective rule of the country's reform, opening up, and modernization drive, and has provided a powerful ideological weapon and scientific method for us to correctly understand and handle the economic, political, and social problems China faces today, and for us to bring about constant development in the country's reform, opening up, and construction. This theory serves as a spiritual prop for the whole party and for the people of the whole country. Thanks to this theory, we have overcome numerous difficulties over the past 16 years; won one battle after another in the course of reform, opening up, and the modernization drive; and attained accomplishments that have attracted worldwide attention. In the future, we should strive to correctly handle and resolve a series of major theoretical and practical issues concerning the country's economic growth, reform and opening up, and social life, so that we can always be in an invincible position. To this end, we must persistently use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to arm ourselves, to unify our understanding, and to guide our work. Once we have a good mastery of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and have enhanced our ability to utilize this theory, we will acquire the ability to assess new situations correctly, resolve new problems, and achieve new results.

Work in both the economic and reform fields requires efforts in real earnest. We should conscientiously study "The Selected Works of Deng Xiaoping," and try our best to master the basic ideology and scientific structure of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and especially his economic thinking. This includes Comrade Deng Xiaoping's idea that the essence of socialism is to develop productivity, get rid of exploitation, eliminate polarization, and reach the ultimate goal of common prosperity; his idea that the primary task of socialism is to develop productivity, that economic development is a political issue that should be placed above all else, that all our work is subordinate to, and serves the overall task of economic development, and that we must bring considerable development to our

economy by closely focusing our work on economic construction, upholding the Four Cardinal Principles, persistently carrying out reform and opening up, and seizing favorable opportunities; his idea that the practice of reform, opening up, and economic development, and our efforts to maintain social stability, are a dialectical unity, each supplementing to the other; and his idea that seeking truth from facts is the quintessence of Marxism, that we should proceed from reality in all cases, refrain from engaging in disputes, and have the courage to make explorations and open new paths, and that the "three beneficials" should be regarded as a criterion for judging the success or failure of reform. We should focus our study on acquiring a correct understanding of the scientific connotation and inherent links of Comrade Deng Xiaoping's series of theories and ideas, studying not only his strategic thinking and theoretical concepts, but also his stand, viewpoints, and methods in studying new situations and resolving new problems.

One point I would like to stress here is that a number of Comrade Xiaoping's economic thoughts on reform and development, which he has put forward over the past many years, have been organically merged into the process of designing and determining policies that guide the country's reform, opening up, and modernization drive, and have served as the basis on which are formulated the series of principles and policies adopted by the party Central Committee since the Third Plenary Session of the 11th CPC Central Committee. The "Decision" of the Third Plenary Session of the 14th CPC Central Committee is a programmatic document that guides the establishment of a socialist market economy structure in the new period, and embodies Comrade Xiaoping's economic thinking in a comprehensive, systematic, concentrated, and accurate way. Therefore, using the socialist theories with Chinese characteristics to guide reform work also means to do a continual good job in implementing the "Decision," and to push reform forward in a down-to-earth manner in line with the orientation, as well as the basic principles and ideas of reform outlined in the "Decision."

The coming several years are a key period for China in its bid to initially build up a new socialist economy structure by the end of this century. The reform tasks we shoulder are heavier and more complicated. "The last part of an endeavor is the hardest to complete." Our responsibilities are heavy, and the road is long. Comrades working on the economic restructuring front should by no means become slack in their work. In order to bring into reality the blueprint drawn up by the "Decision" of the Third Plenary Session of the 14th CPC Central Committee, we count on the efforts of you comrades to do arduous pioneering work with inspired vigor, to make bold explorations, and to carry on struggles in unity.

A new year approaches. At a time when the New Year is just around the corner, I hereby extend an early New Year's greeting on behalf of the State Commission for

Restructuring Economy to all the comrades working on the economic restructuring front across the country. While expressing my appreciation for the hard work of all the comrades during the past year, I hope that you comrades can further emancipate your minds during the new year, continue to exert yourselves in your work, and fulfill more accomplishments and play a greater role in accelerating the establishment of the new system.

Li Lanqing Urges Development Not Be Exaggerated

OW1104151195 Beijing XINHUA in English 1434
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—Chinese Vice-Premier Li Lanqing said here today that China is in its initial stage of industrialization and any over-estimation of the country's development level is untrue.

This year is the last year for China's implementation of its Eighth Five-Year Plan and the country is working on its new five-year plan and the blueprint for the social and economic development before the year of 2010.

Li said both the drafting plans and blueprint will help lay foundations for the realization of China's targets by the end of this century and the middle of next century.

China has determined to enable all its people to lead a better-off life by the end of the century and the nation to catch up with the average level of the countries with the middle-class income.

At the China Summit, an international economic forum, which ended here this afternoon, Li gave an account of China's achievements in reform and opening-up and said that China's reform will neither stop, nor be slowed down.

The general trend of the world development at the turn of the century is moving towards relaxation despite of its diversity and complexity, the vice-premier said.

He said that the steady growth of the world economy, especially the Asian-Pacific economy, further recovery in European and American regions, continued expansion of the global trade as well as the globalization, regionalization and groupings, will be beneficial to the development in different countries and regions, and also to China's economic cooperation with all the rest of the world.

China's economy, which is in an initial stage of industrialization in a standard term, has been maintaining a higher accumulation rate and is moving towards demand-oriented structures with large-scale and high-efficiency, Li said.

The overall scope and the index for the social and economic development will be expanded and raised in a remarkable pace by early next century, he added.

China is still a developing country and it will keep marked and major features of developing countries in a long future, Li said, and only long-term efforts can lead China into the rank of comparatively developed countries.

He stressed that over-exaggeration of China's present development level is not only untrue, but harmful to China's economic growth and its normal exchanges and cooperation with other countries and regions.

China's progress and development is a part of the world prosperity, he said, and an underdeveloped China will be a tragedy for the world as whole as development is the basis of peace and cooperation.

Therefore, he said, China hopes all the countries and regions would cooperate in a more business-like way through removing all the influence and obstruction from the non-economic or non-trade factors and mere specious inference such as the argument of China's threat, which said that a developed China will be a world threat.

Li Lanqing Says SEZ Policy To Make Them 'More Special'

HK1104151595 Beijing ZHONGGUO XINWEN SHE in English 1202 GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (CNS)—The main policy of the Central Committee of the Communist Party of China towards special economic zones is to make them more special. They should maintain their development momentum and develop in a faster, healthier manner, said Mr. Li Lanqing, Vice-Premier of the State Council.

Mr. Li revealed that Central government and leaders in the special zones have reached agreement on new strategies to connect special zones with conventional international practice, rather than via preferential policy. The special economic zones should focus on how to take the lead in connecting with international practice.

However, much basic work needs to be done before the realization of the connection, Mr. Li said, and it is as follows:

1. Deepen various kinds of reforms and eradicate all that is incompatible with socialist market economy.
2. Upgrade industries in the special economic zones.
3. Provide more education and training to people in special zones.
4. Improve social surroundings in special zones and strictly prohibit all pornography and gambling.

Li Tieying Inspects Factory Enterprise System

HK1204054395 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 31 Mar 95

[FBIS Translated Text] State Councillor Li Tieying, member of the CPC Central Committee Political

Bureau, inspected the Wuhan boiler factory yesterday [30 March]. Accompanied by Governor Jiang Zhuping, Vice Governor Li Daqiang, Wuhan Mayor Zhao Baojiang, and leaders of the relevant provincial and Wuhan city departments, Li Tieying arrived at the factory at 0900 to inspect the establishment of a modern enterprise system. Li Tieying came first to the workshop to see the workers there. He subsequently held a talk with factory leaders. After listening to the reports by factory Director Chen Degen and factory party committee Secretary Sun Meifang, Li Tieying stressed: The party and administrative leaders of enterprises must unite as one in leading their workers in market competition, instead of stirring up contradictions or engaging in inner struggles; they must be of one mind. In running enterprises, we must have this principle. In improving enterprises, the workers' common efforts are required, instead of having one person do the job.

When learning that the factory party secretary and director had worked in unity since 1985, Li Tieying said humorously: I hope this situation will remain unchanged for 100 years. He pointed out: The workers of enterprises in our socialist country are the masters of the enterprises; this must not change. Management having people as the fundamental factor is scientific, modern management. In introducing the socialist market economy, we must not change workers into employees, but instead must let workers become the masters of enterprises. We must not regard the spirit Zwas prevalent in the 1950, as something old. Still less should we learn from the primitive period of capitalism, when workers were slaves. In dealing with tradition, we must adopt a combined method of inheritance and abandonment.

Li Tieying spoke highly of the factory's care for its workers, and at the same time asked the factory to strengthen its management, saying: Structural reform cannot replace management. Strict management is an enterprise's basic skill. Without strict management, enterprises—and particularly large and medium-sized state enterprises—cannot survive for even a single day. He hoped that under socialist market economic conditions, the factory would create a new type of enterprise spirit, enterprise culture, enterprise management mode, and enterprise structure, so that the factory would become an example in establishing a new enterprise system.

In conclusion, Li Tieying wrote an inscription for the factory, which reads: Creating brand-name and quality products, participating in international

Wu Says PRC Capable of Developing Nuclear Power

HK1204065695 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0849 GMT 8 Apr 95

[FBIS Translated Text] Beijing, 8 Apr (ZHONGGUO TONGXUN SHE)—Wu Bangguo, the new vice premier of the State Council, said recently that China's nuclear

power, which currently has an installed capacity of 2.1 million kilowatts, is not commensurate with the total installed capacity of its power industry. He said: The smooth completion of the two nuclear power stations in China shows that China is capable of developing nuclear power.

Vice Premier Wu Bangguo inspected the China Nuclear Industry Corporation the other day. He said: Those localities that are rich in coal resources should develop thermal power, those rich in water resources should develop hydropower, but those lacking in both should develop nuclear power. As Taiwan has many nuclear power stations, other places in China need nuclear power stations all the more.

Jiang Xinxiong, general manager of the China Nuclear Industry Corporation, briefed Wu on the present conditions of China's nuclear industry, saying the output value of nuclear industrial products for civilian use accounts for 82 percent of total output value.

Ministry Says Old-Age Pension System Expanding

*HK1204093495 Beijing CHINA DAILY in English
12 Apr 95 pp 1, 2*

[By Cao Min: "Pension System Expands"]

[FBIS Transcribed Text] China's old-age pension system is spreading among state and collectively-owned enterprises and will be extended to others, according to the Ministry of Labour.

State-owned enterprises have reformed their old-age pension system, while 2,024 cities and counties across the country have extended it to workers in collectively-owned firms.

About 79.7 million employees and 18.5 million retirees now come under the new old-age pension system, the ministry said.

The system will be extended to employees in township, overseas-funded, and private enterprises according to a senior Ministry of Labour official.

Speaking yesterday at a national working conference on social insurance, Wang Jianlun said that the pension and unemployment insurance systems are regarded as the focus of social insurance reform this year.

"The new old-age pension system will feature a combination of pooled funds and individual accounts—a quite new system with Chinese characteristics," Wang said.

Wang stressed that the old-age pension funds must be well managed to protect the employees' rights and interests.

A supervisory organization of social insurance funds will consist of representatives of local government, enterprises, trade unions and retirees, Wang said.

Labour Minister Li Boyong noted that reform of the social insurance system is an important component of the ongoing reform of state-owned firms focusing on establishing a modern enterprise system.

The old-age pension system has drawn on the experiences and lessons of other countries while proceeding from national conditions in China, Li said.

This year, the labour departments will work to improve the unemployment insurance system, which is to extend to various ownership enterprises.

And the funds will be contributed by the state, employer, and employee instead of merely relying upon the government.

The jobless will receive monthly compensation of 70 percent to 80 percent of local minimum wage for up to two years Li Said.

Minister Explains Reform of Railroad System

*HK1204093795 Beijing CHINA DAILY in English
12 Apr 95 p 2*

[By He Jun: "China to Speed Railroad Reform"]

[FBIS Transcribed Text] China's railroad system is to speed its way into a market economy, by improving its efficiency and service quality and keeping pace with the country's overall reform.

Guo Lin, vice minister of railways, told the National Transportation Work Conference which opened yesterday that rail transportation must step into the market system through reform.

New reforms will be tested this year in 11 major rail-related enterprises, including six transportation firms such as the branch railway bureaux of Dalian, Fuzhou, and Nanning, Guo said.

The reforms focus on improving management and its planning and price systems.

While meeting the demand for transporting state-planned key materials, the railway managers will try to adopt new price standards for newly constructed railroads and for the old roads.

They will be based on service quality, region, and season, according to the vice minister.

The ministry plans to transport 1.57 billion to 1.575 billion tons of freight and 1.04 billion to 1.06 billion passengers this year.

Numerous difficulties will present challenges as the rail network works to achieve the goals, Guo said.

For example, bottlenecks created by the limited capacity of some key lines and hubs affect the whole system, he said.

Total demand for transportation will increase only slightly due to the macrocontrol measures introduced by the central government.

New construction and renovation along rail lines also will affect normal operations, he said.

Last year the rail network transported 1.571 billion tons of freight and 1.08 billion passengers.

China To Increase Investment in Gold Industry

*OW1104161995 Beijing XINHUA in English 1533
GMT 11 Apr 95*

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—China will inject 1.44 billion yuan into its gold industry this year, to upgrade gold production technology and develop gold mine construction.

Xu Daquan, Vice-Minister of the State Metallurgical Industry, said here today that the government will continue its policies supporting gold production and encouraging gold mines selling gold to the central bank.

Addressing the National Gold Conference, Xu noted that the country's gold production will still be directed by state planning.

According to him, this year's main task for the gold trade is to put a regulation, concerning gold prospecting and production, into effect.

He also asked administrative departments to implement the two regulations formulated last year, one of which concerns introducing foreign investment, and the other focusing on prospecting.

China will also form a strategic research group to solve some problems that may occur in the gold industry during the ninth five-year-plan (1996-2000), and at the beginning of the 21st century.

According to Xu, last year, the amount of gold purchased by the central bank increased by 45 percent over the previous year, which reached a record high of 91 percent of production.

Xu attributed the good situation to local departments' efforts in improving gold production management.

China's gold production last year realized 106.7 percent of the State yearly plan. Eight provinces and autonomous regions such as Hebei and Shaanxi, witnessed a more-than-ten-percent increase in gold production.

In other aspects, the economic benefits of the industry jumped 31 percent over the previous year, and gold yielded a large profit of some 1.5 billion yuan.

Daily Urges Control of Spontaneous Price Increases

*HK1204083995 Beijing RENMIN RIBAO in Chinese
24 Mar 95 p 1*

[By staff reporter Pan Gang (3382 1511): "Attach Importance to Control Over Spontaneous Price Increases"]

[FBIS Translated Text] On 22 February, RENMIN RIBAO published an article entitled "Justly and Forcefully Control Prices" which quoted a figure announced by the authoritative department: "Spontaneous price increases account for over 50 percent of new price increases." At readers' request, this article is written to give a more detailed explanation: What is a "spontaneous price increase"? How should one view such "spontaneous price increases"? What is a "Spontaneous Price Increase"? [subhead]

Statistically, there are mainly three factors for the changes in the price index in a year: First, the effects of adjustments to the price policy during the year; second, the effects of price adjustments during the previous year on this year's price index, also known as the "delayed factor;" and third, the effects of "spontaneous price increases" on the price index.

As the term itself suggests, a spontaneous price increase is a spontaneous rise in prices along with the changes in the conditions of market supply and demand after the decontrol of commodity prices. In other words, if the prices increase by 100 percent in a year, then 40 percent of the rise was caused by the adjustment of the price policy, 10 percent of the rise was caused by the "delayed factor" from the previous year, and 50 percent of the rise was caused by "spontaneous price increases." What Is the Driving Force Behind the "Spontaneous Price Increases"? [subhead]

The driving force for the "spontaneous price increases" mainly comes from the relationship between supply and demand and from the price order.

In the previous period of the planned economy there was unified price management and the government directly fixed prices. So, the factor of spontaneous price increases only accounted for a very small proportion of the changes in the price index. Through 16 years' reform and opening, about 90 percent of commodity prices in our country have been decontrolled. The price decontrol has turned the prices into signals reflecting the changes in the commodity supply and demand and in the consumption structure, turning the prices into levers for giving reasonable guidance to the distribution of resources. As a result, being affected by the conditions of supply and demand in the market, prices decline when the commodities are oversupplied and rise when the demand exceeds the supply. In 1993, the general level of retail prices in society increased by 13 percent, and 6.8 percentage points of the rise was caused by spontaneous price increases. Last year, spontaneous price increases contributed to over 50 percent of the new price increases. It is estimated that 14 percentage points of the growth rate of the national retail price index were caused by the increase in costs, accounting for 65 percent, and 7.7 percentage points were caused by the increase in demand, accounting for 35 percent.

It should be pointed out that in the last two years, a large part of the "spontaneous price increases" were caused by

the confusion in the price order. Some producers and dealers only sought their own interests and disregarded social effects and public interests. They fixed prices and fees irregularly, or even monopolized prices, in order to seek staggering profits. Some people cheated customers by selling counterfeit and inferior products at high prices. All such problems were found in various areas and in various trades, although the seriousness and forms varied. The harmfulness of such evil things must not be underestimated. They disrupted the economic order, tarnished the image of reform, harmed the interests of the masses, and pushed up the general price level to a certain degree.

Strengthening Market Price Management

The substantial rise in prices resulted from the comprehensive effects of various factors but the fact that the "spontaneous price increases" account for 50 percent of the new price increase must not be neglected. The fact reminds us not to give up price management after the price decontrol.

In a market economy, in addition to adopting necessary administrative means, in order to exercise price management the government should establish and perfect the economic means for regulating and controlling prices, establish the reserve system for major commodities in order to satisfy the needs in society when fluctuations happen in production and supply, and set up foundations for adjusting grain and feed prices in order to stabilizing prices, protect production and consumption, and maintain economic stability when violent ups and downs happen with food prices. On the other hand, it is necessary to establish and perfect the legal means for regulating prices, encouraging competition, opposing monopoly, protecting legitimate business profits, opposing profiteering, protecting legitimate business operation, opposing deceitful tricks in business, and cracking down on the activities of producing and selling counterfeit and inferior goods.

Through efforts in the past years, our country has successively set up the reserves and risk foundations for grain, cotton, cooking oil, meat, and sugar; it has formulated the "Law on Banning Illicit Competition," the "Regulations on Fixing Prices for Goods and Services," and the "Interim Regulations on Banning Profiteering." The "PRC Price Law" is also being formulated intensively. Last year, the State Council decided to exercise price supervision over 20 commodities and services with close relations with the day-to-day lives of the masses.

The new price management system with the economic and legal means as the main body, and with the administrative means as the supplement, is completely necessary for maintaining the normal price order and guaranteeing the smooth operation of the socialist market economy in our country.

Ethnic Regions Urged To Speed Up Economic Growth

OW1104161795 Beijing XINHUA in English 1500
GMT 11 Apr 95

[FBIS Transcribed Text] Nanning, April 11 (XINHUA)—China's areas of ethnic minorities are being urged to step up legislative work to help quicken economic development and to shake off poverty.

Buhe, vice-chairman of the Standing Committee of the Eighth National Committee of the National People's Congress, China's highest legislative body, made these remarks during his April 4-11 tour in southwest China's Guangxi Zhuang Autonomous Region.

After a briefing given by local leaders, and a tour of Beihai, Qinzhou, Fangchenggang, and Guilin cities and the Du'an Yao Minority Autonomous County, he praised local leaders for their work in helping hasten economic growth in the region over the past several years.

He pointed out, however, that laws concerning ethnic groups' affairs should be promulgated quickly so as to better carry out the Party policy on ethnic affairs and to help ethnic regions solve their problems in the course of economic development.

During his inspection of the coastal regions, he said that the ethnic areas should seek opportunities to expand their economy to become better off at a quicker pace than others.

In addition, he stressed the importance of education, saying that a large number of cadres of ethnic origins should be trained so that the general educational level of the ethnic groups would be improved.

Shougang Undergoes Reorganization, Abandons Projects

HK1204064995 Hong Kong MING PAO in Chinese
5 Apr 95 p A2

[By staff reporter Liang Kuo-jen (2733 0948 0088): "Zhou Beifang Is Still Being Detained, and the Reorganization of Shougang Has Affected Many Major Development Plans"]

[FBIS Translated Text] A reliable source in Beijing have revealed that Zhou Beifang, former chairman of the board of directors of Shougang Holdings (Hong Kong) Limited, who has been detained by the judicial authorities for his suspected involvement in corruption cases, is still being detained pending investigation, and the report that he has been "released on bail for medical treatment" is untrue. Meanwhile, after the replacement of its chief executive, Zhou Guanwu, who is Zhou Beifang's father, the Beijing Shougang Corporation has revised the enormous development plan formerly formulated by Zhou Guanwu, and is carrying out a reorganization of its

businesses. It is said that a number of projects will be abandoned, including the Qilu Steel Works project in Shandong Province.

In Hong Kong, Shougang Corporation and Cheung Kong (Holdings) Limited have jointly founded a few companies, including five listed companies: Shougang Concord International Enterprises Company Limited, Shougang Concord Grand (Group) Limited, Shougang Concord Technology Holdings Limited, Eastern Century Holdings Limited, and Hoi Sing Holdings Limited, and an unlisted company, Shougang Concord Shipping Limited. But, the reliable source in Beijing told this reporter that the current reorganization operation will not affect the corporation's overseas business.

Shougang Holdings (Hong Kong) Limited issued an official statement on 17 February this year, confirming that Zhou Beifang had been taken into custody in Beijing because of involvement in major economic crimes. Two days before this, SHOUGANG BAO announced that his father, Zhou Guanwu's retirement from the posts of secretary of the Shougang's party committee and director of the corporation's management committee (chairman of the board of directors).

It is disclosed that the pre-trial investigation into the case of Zhou Beifang is now being carried out in full swing, and Zhou Beifang is still kept in custody in the house of detention as a part of Qincheng prison, which is used exclusively to keep major convicts. The informed source said: Zhou Beifang was not officially arrested, nor has he received any penalty. Therefore, his "being released on bail for medical treatment" is simply out of the question.

But has been reported that the investigation into Zhou Beifang's case is progressing slowly. The biggest difficulty is with the accounts related to the corporation's Hong Kong operation. All the accounts concerning Zhou Beifang have been technically altered and therefore appear impeccable. So the investigation is facing many obstacles.

Within Shougang, it is said that members of the corporation are having an intensive discussion among themselves on a major change in the group's strategy as a whole. The main focus of the discussion is on how to ensure that all the vested interests guaranteed by contracts formerly signed at each level would not be curtailed substantially during the transition to the new taxation system. This is the first great challenge to the new leading body of the corporation. It has been revealed that the Ministry of Metallurgical Industry, the State Economic and Trade Commission, and the State Administration of Taxation have all participated in this discussion.

Meanwhile, the new leading body also found that Shougang has accumulated a great stockpile due to the recession of the iron and steel market. What is more, since the scale and scope of the original plan formulated by Zhou Guanwu are too large—apart from the iron and steel

industry, Shougang is also dealing in banking, shipping, machine-building, mining, foreign trade, electronics, and other businesses—the corporation is facing difficulty in securing circulating funds and has run heavily into debt.

Such being the case, Shougang's new leading body has decided to take bold and resolute action to reduce the scale of Zhou Guanwu's original plans. Except for such business operations as mining, shipping, bank, and imports and exports which have already been established and are related to the iron and steel industry, many other business operations have to scale down. In view of the fact that supply exceeds demand on the iron and steel market, it is very likely that the Shandong Qilu Steel Works project, which involves an investment of nearly 100 billion yuan and was launched with the aim of further expanding the production scale, will be abandoned. But, it is estimated that Shougang's overseas operation will not be substantially affected.

It is reported that the Shougang staff are busy attending various meetings every day, discussing and planning a strategic switchover. Although so far only Zhou Guanwu has been discharged from the corporation's management strata, it is being said that the further reshuffle of the leading body will be inevitable in the wake of the structural change.

'China's Impoverished Areas' Magazine Published
HK1104151795 Beijing ZHONGGUO XINWEN SHE
in English 0818 GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (CNS)—"China's Impoverished Areas" magazine, run by China Poverty-Relief Foundation, has recently been published in Beijing. The magazine, which gives a clear picture about the poverty-relief work and economic development in underdeveloped areas in China, will be publicly put on sale at home and abroad.

The first issue of the magazine carries an article on its front page entitled "Initiative of Peasants Is the Key to Tackle the Poverty Problem". The article cites some speeches of the former chairman of the National People's Congress, Mr. Wan Li, on rural areas, farmers and agriculture, most of which have not been published before.

***State Researcher Discusses Investment Control**
95CE0313A Beijing JINGJI CANKAO BAO in Chinese
8 Feb 95 p 1

[Article by reporter Li Chiliang (2621 3589 5328): "It Is Very Hard To Control Investment Scale—Zhang Hanyu on China's Fixed-Asset Investment in 1995"]

[FBIS Translated Text] In view of China's overheated economy in 1993, caused by the too fast growth of its fixed-asset investment, the state has, since early 1994, paid particular attention to controlling the scale of such

investment. This endeavor has now yielded initial results. A preliminary estimate by the State Statistical Bureau puts the nation's 1994 fixed-asset investment at around 1.6 trillion yuan, or 28.4 percent more than the previous year. This growth rate was down by 30.2 percentage points compared with a year ago. How about our country's fixed-asset investment in 1995? To answer this question, this reporter recently held an interview with Zhang Hanya, deputy director and researcher of the Investment Research Institute of the State Planning Commission.

According to Zhang Hanya, China's fixed-asset investment in 1995 will be faced with two mutually contradictory pressures: One is the pressure to control the scale and cut the growth of investment. The other is the pressure caused by various localities trying to satisfy their demands by expanding the scale of investment. The former pressure stems mainly from the state policy of macroeconomic regulation and control. In view of the high inflationary rate in 1994, the state will take the curbing of inflation as a key task of its macroeconomic regulation and control in 1995, and one of the major measures to be taken in this respect is to strictly control the scale of fixed-asset investment. The state plan has set the 1995 fixed-asset investment target at 1.7 trillion yuan. Although this is 9.7 percent more than the 1994 figure, the absolute increase is less than one-half of that for 1994. It is an arduous task to control actual investment within this plan, so the pressure is pretty great.

The latter pressure finds expression in three principal ways: First, governments and enterprises in various localities are still in need of a greater amount of investment. To carry out their development plans, governments in various localities launched a number of new projects in the second half of 1992 and in 1993. Many of these projects will need additional investment in 1995. Despite the fact that the new projects launched were 7 percent less in 1994 than in 1993, the decrease was largely due to the slash of national projects, whereas very little was attributable to the reduction of investment requirements at the local level. In fact, the 1995 investment pressure due to projects started in various localities during the past years will be no less than the 1994 pressure. On the contrary, the 1995 pressure will be even greater due to the rising costs of investment. Second, the increase in productive capacity is in urgent need of more investment. The enormous investment growth in recent years has resulted in a relatively fast increase in our country's productive capacity. In heavy industry, a sizable part of the newly added productive capacity cannot become operational without additional investment in fixed assets. That is, failure to expand our investment to the required scale would cause more productive capacity to lie idle. Third, the rapidly growing savings also need an expanded outlet. The past few years have witnessed a fast increase in our national income. While the percentage of the national income used for consumption has declined each year, the part used for savings and investment has kept rising. In 1994, the balance in the bank

savings accounts held by urban and rural residents was more than 2 trillion yuan. In addition, they were in possession of 100 billion yuan in treasury notes and 10 billion yuan in stocks and bonds, and their cash on hand amounted to hundreds of billions of yuan. It is estimated that the savings of urban and rural residents will increase by more than 500 billion yuan this year, bringing the total to over 2.5 trillion yuan. What is more, 80 percent of the savings will be in the form of time deposits. For the sake of making profits, the banks, which have been commercialized, will make every effort to lend out this money. If the banks use 40 percent of the increase in deposits as loans to support fixed-asset investment, the increase in such investment will reach 200 billion yuan. Apart from the above, individual investments made by urban and rural residents in buying and building new homes are also expected to soar considerably.

As can be seen from the above, there will be a rather great investment-expansion pressure in 1995. Then what measures will the state take to curtail such investment expansion? According to Zhang Hanya, the state will adopt three measures to effectively control the excessive growth of investment. First, it will strictly control new projects, in particular those with an uncertain market for their products in the field of processing and belonging to the high-consumption category. While the state itself will strictly screen applications for building big and medium-sized projects, it will demand that local authorities be more rigorous in approving small projects. Second, the state will step up control over the sources of funds. It will require banks to limit loans within the state-set ceilings and strictly ban any extra loans for fixed-asset investment. Additionally, it will stipulate that all construction projects must be backed by self-provided funds and will forbid the practice of using credit loans from financial institutions as self-provided funds for such purposes. It will also deal seriously with any act of illegally borrowing or raising funds or soliciting money with high interest rates to be used for fixed-asset investment. Third, control will be further tightened over real estate investment. While continued efforts will be made to curb the fast growth of such investment, all loans for real estate development will be included in both the state credit plan and the state investment program for real estate development. Meanwhile, in 1995, the state will continue to pay more attention to readjusting the investment mix and adopt effective measures to direct the use of surplus funds in society. More funds will be pooled and channeled into agricultural water-conservancy projects. Emphasis will be placed on beefing up basic industries, such as energy, transportation, communications, and major raw and semifinished materials industries; promoting infrastructure construction; and developing machine-building, electronics, automobile, petrochemical, and other pillar industries. To narrow the gap between different regions, the state will act on the principle of equal preferential treatment and take some measures to boost investment in the central and western regions.

As can be seen from the measures adopted, there will not be much difference between 1995 and 1994 in the intensity of the state's regulation and control over investment. Although such regulation and control will produce some effect on curbing the excessive growth of investment, it will be very difficult to meet the target of controlling the total investment within the 1.7-trillion-yuan limit. To prevent big ups and downs in the economy and not to miss the favorable opportunity for fast economic development, Zhang Hanya revealed, the state may try to avoid using overly tough methods wherever possible. Anyway, development of fix-asset investment and production of the same year are closely related. Based on this reasoning, it is estimated that this year's total investment will probably be somewhere between 1.968 and 2.016 trillion yuan, the mean value being 1.992 trillion yuan.

***Forecasters Make 1995 Predictions, Suggestions**

95CE0313B Beijing JINGJI RIBAO in Chinese
8 Feb 95 p 2

[Article by Zhu Jun (2612 6511): "Forecast by Beijing Joint Meeting on Economic Prospect Analysis and Advance Warning—China's Economy To Continue Its Quick Growth in 1995"]

[FBIS Translated Text] The third joint meeting on economic prospect analysis and advance warning was held recently in Beijing. This is a joint meeting attended by pertinent responsible persons from the departments and commissions concerned, including the general departments of the State Planning Commission, the State Economic and Trade Commission, the State Statistical Bureau, and the Ministry of Finance; the Investigation and Statistics Department of the head office of the People's Bank of China; and the Forecast Department of the State Information Center. Also in attendance were responsible persons from relevant research departments, such as the Research Institute of the State Statistical Bureau, the Econometrics Institute of the Chinese Academy of Social Sciences, and the Ka-si-te [0595 2448 3676] Economic Evaluation Center and Investment Insurance Corporation. The meeting is held quarterly.

Most of those attending the meeting held the following views based on the results of monitoring and analyses carried out by their respective units: China's overall economy this year will be in the shrinking period of the economic cycle and will not develop so vigorously. However, it will still show a rather quick growth and will operate, with a 90 percent probability, in the yellow-light area. In 1995, the GNP is still expected to grow about 10 percent. The rise in the general price level should be roughly 13 percent, provided that no new price adjustment measures are taken by the state. Prices of consumer goods may climb by about 17 percent. And a 6.5-7.5 percent increase is expected in the total retail sales of commodities.

As revealed by the participants at the meeting, the State Council has set forth three major economic tasks for this

year. One is to curb inflation. The second task is to support agriculture and solve the problem of rising prices for capital goods used in agricultural production. The third task is to tackle the enterprise problem of large amounts of funds being tied up by increased stockpiles. In sum, these goals may be described as tasks to ensure the quality of economic growth. Besides, this year's pilot program for enterprise reform will need a relatively tension-free economic environment. As can be seen, the work of macroeconomic regulation and control will be rather heavy this year. The participants unanimously approved of an appropriately tight financial policy to effect a "soft landing" in the economy. Specifically, they called attention to the following:

1. Take effective measures to curb inflation.

We should bring to an end the phenomenon of rising costs and high prices stimulating each other. In doing so, however, we should not overly suppress consumption to avoid aggravating the stockpile problem. Instead, more attention should be devoted to price monitoring and control by legal means. In particular, price adjustments made locally should be put under control.

2. Pay attention to coordinating financial and monetary policies.

As the state's present ability to regulate and control distribution is relatively weak, more attention should be given to using financial instruments for macroeconomic regulation and control. For example, financial institution interest rates on loans to enterprises should be properly adjusted to curb the latter's overly active demand for funds. As for regulation and control by financial policies, stress should be placed on adjusting the financial structure. In addition, efforts should be made to properly solve problems left over from the implementation of various policies aimed at reducing or exempting enterprise financial burdens. Attention should also be paid to developing new revenue sources.

3. Carefully deal with various contradictions in economic operations.

Economic growth versus inflation. Currently, our country is in a state of "fast economic growth and high inflation." While it is hard to realize the type of "take-off" that combines "high economic growth and low inflation," we should try to prevent "stagflation," which is a combination of "slow economic growth and high inflation."

The strained fund supply versus a tight monetary policy. The main reason for the strained fund supply is debts among enterprises, which have triggered a heavy demand for funds in the entire society. A tight monetary policy will reduce the growth of funds in society. To properly solve this contradiction, we should adopt such measures as liquidating debt chains among enterprises and transforming some debts into capital stocks.

The state's insufficient financial resources versus a heavy debt burden. During the Ninth Five-Year Plan period, our country's financial burden will be at the peak as far as repayment of the principal and disbursement of interest on loans are concerned. On the other hand, this period will be a crucial stage for China's economic "takeoff." It is, therefore, necessary to adjust the rational liability rate to suit the stage of economic development.

Increases in agricultural input versus import of grain. Analyses of our present and past situations show that agriculture development is always the prelude to the vigorous development of the overall national economy. On the one hand, we should not ignore the need for agricultural input. On the other hand, because of the insufficient domestic grain supply, we should consider formulating an overall grain import strategy. In drawing up the grain import strategy, we should try to avoid being affected by price fluctuations in the world grain market.

The participants said that their respective departments had conducted inspections of economic monitoring, regulation, and control organizations in the United States, Japan, Germany, and some other countries. The results of the inspections show that economic prospect analysis receive extensive attention in those countries and is used by the government as one of the significant references in formulating policies. Many countries have a national economic monitoring (economic prospect analysis) committee. The committee, composed of government officials, experts, and professors, publishes reports on the country's economic prospects on a regular basis. Generally speaking, in those countries the government works hand in hand with civilian organizations in analyzing economic prospects, but their focal points are different. The government focuses on policy orientation, whereas civilian organizations put more emphasis on actual operations. Civilian research institutes are mostly run by banks, securities companies, enterprises, and higher education institutions. They have numerous channels to conduct investigations and use advanced methods to analyze the data collected. The government holds periodic meetings with enterprise leaders to listen to their opinions. Civilian organizations, including various professional groups, collect data and conduct follow-up investigations in a variety of ways. All these are of referential value to us.

Finance & Banking

Unified Exchange Rate Causes Tight Money Supply

HK1104151495 Beijing ZHONGGUO XINWEN SHE
in English 1202 GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (CNS)—The Bank of China which has long been the professional bank to specialize in foreign exchange business in China underwent many problems during the past year, when the new unified exchange rate system was introduced.

The most prominent problem is great pressure on the renminbi in terms of its circulation.

According to a news report carried by a newspaper run by the Research Centre to Advise on Economic, Technological and Social Development under the State Council, the bank was regarded as the state agent in undertaking foreign exchange business before introduction of the new exchange rate system. The volume of the renminbi required of the bank for exchange settlement was fully provided by the People's Bank of China. It was no longer the case, however, when the new exchange system was introduced which included exchange settlement at the bank. Foreign exchange revenue earned by enterprises which was subject to state regulations has to be sold to a bank at an exchange rate offered by the bank that day. The exchange settlement business is up to individual banks and the renminbi required of the business is raised in principle by the banks themselves. Banks undertaking settlement of exchange in accordance with the unified exchange rate have to pay a volume of the renminbi greater than that before the implementation of the unified exchange rate system, on the condition that the amount of foreign exchange involved remains unchanged.

A tight supply of the renminbi is also attributed to stiff competition. Following the restructuring of the foreign exchange system, there are a dozen banks becoming designated banks for the foreign exchange business. Sharp competition is therefore expected with different exchange rates offered by various banks, where the capability of settlement and financial strength shown by individual banks are directly involved.

Chen Yuan Gives 'Written Speech' on Financial Reform

HK1104141995 Hong Kong WEN WEI PO in Chinese
11 Apr 95 p a2

[Dispatch by staff reporter Yang Fan (2799 1581): "Chen Yuan Expounds Five Major Points in Financial Reform, Says Foreign-Funded Enterprises Are To Be Brought Into Line With China's Foreign Exchange Settlement and Sales System"]

[FBIS Translated Text] Beijing, 10 Apr—In a written speech to the 1995 China International Economic Forum, Chen Yuan, vice governor of the People's Bank of China [PBC], disclosed that so far foreign-funded financial institutions have set up 393 representative offices in 18 of China's cities and 118 operating branches in 13 cities. China's financial institutions have set up over 500 branches outside the borders. Moreover, in deepening reform of the foreign exchange management structure, China will gradually bring foreign-funded enterprises into line with the foreign exchange settlement and sales system.

In his written speech, Chen pointed out: To curb inflation, the central bank is following a moderately tight monetary policy. It has taken three principal measures:

First, it controls the base currency supply and persistently pursues a monetary policy of strictly controlling the scale of credit and the growth of money supply by means of withdrawing the central bank's relending and issuing special deposits to other banks. Second, it raised in good time the central bank's relending rates and the bank's fixed-asset lending rates by an average of 0.24 and 0.72 percentage points respectively as of 1 January 1995. Third, while keeping the total amount of credit under strict control, it has regulated the flow of credit to ensure the state's key capital needs.

In his written speech, Chen said: To fundamentally control inflation, we should rely on economic growth and the deepening of reform. At the present stage, the focus of monetary reform will be placed on five aspects: The first is to improve the means of monetary macro-regulation and control. In 1995 the PBC will more frequently apply such indirect regulation and control means as relending by the central bank, interest rates, and the open market, to coordinate well the policy on the renminbi and foreign exchange and to energetically explore the establishment of a macroeconomic regulation and control structure based on indirect means of regulation and control. The second is to deepen reform of the foreign exchange management structure, improve the foreign exchange settlement and sales system, and strengthen the management of state foreign exchange reserves. Foreign-funded enterprises will be gradually brought into line with this system this year. The foreign exchange market will be further cultivated and the management of the foreign exchange market will be strengthened. The third is to improve the operating mechanism of policy-oriented banks in order to really bring into play their policy-oriented monetary role. The fourth is to make further efforts to advance the reform of state-owned commercial banks. The fifth is to accelerate the experimentation with and establishment of urban cooperative banks and to develop and improve the insurance market. Urban cooperative banks will be established in a planned and systematic way through experimentation. Efforts will be made to separately set up life insurance companies and establish reinsurance companies as quickly as possible, and to gradually develop intermediary insurance institutions so as to develop an insurance market incorporating appropriate and orderly competition.

Moreover, China will continue to lose no opportunity to open monetary affairs wider to the outside world and strengthen international exchange and cooperation in monetary affairs.

Netherlands Bank To Open Shanghai Branch
OW1204054195 Beijing XINHUA in English 0211
GMT 12 Apr 95

[FBIS Transcribed Text] Shanghai, April 12 (XINHUA)—The Dutch bank Internationale Nederlanden Group (ING) will open its second branch in China here in June, according to an ING official.

The Shanghai will follow the opening of ING's first China branch, in Shenzhen in southern China's Guangdong Province, said Aad Jacobs, ING's chairman.

"China is a booming economic power, it needs high-quality banking, insurance and financial services as it develops its market economy and modernizes," Jacobs said.

ING is a leading international financial group with assets of over 240 billion U.S. dollars. It has just purchased Barings Bank, which went into bankruptcy early this year.

"The acquisition of Barings will accelerate the achievement of our strategic target in China: to provide top-grade financial services for China's industry, trade and infrastructure," Jacobs added.

ING is set to open branches or representative offices in Guangzhou, Shenyang, Beijing, Xiamen, Tianjin and Dalian, Jacobs revealed.

Foreign Trade & Investment

U.S. Dollar Devaluation Challenges Foreign Trade
OW1204084095 Beijing XINHUA in English 0827
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—The devaluation of the US dollar against the Japanese yen and the deutschmark can not be ignored in Sino-US trade, according to certain economists here.

They told XINHUA that the devaluation will hamper China's exports to the United States while facilitating US exports to China. However, it is expected to enhance US investment in China.

Chen Wenjing, deputy chief and senior economist with the International Trade Research Institute (ITRI) under China's Ministry of Foreign Trade and Economic Cooperation (MOFTEC), said that the US dollar is also losing its value against the Chinese yuan, and the exchange rate of the yuan against the US dollar has climbed by three percent since the beginning of last year.

Thus it will cost more for China to earn US dollars, which will slow China's exports, and if the US dollar keeps on being devaluated, China's exports will fall into a more difficult situation, Chen said.

Meanwhile, the devaluation will help China's imports from the US, and China should seize the opportunity to import more urgently-needed US products, he noted.

But another professor at ITRI, Wang Huai'an, held that if China increases imports from the US it will harm China's vulnerable industries.

He noted that the devaluation of the US dollar will result in China's earning less from exports. To avoid that,

China will have to raise its export prices, which will harm the competitiveness of China's products in the international market.

Chen said that China will have to make more efforts to reduce costs, raise production efficiency and promote the quality of its products.

They also held that the uncertainty of the US dollar and the financial market will drive US businessmen to look for safer investment in areas with higher economic returns outside the US, and China is such a place.

China should seize the opportunity to introduce more direct foreign investment, supplemented by some indirect investment, while avoiding risks from short-term opportunistic investments, Chen added.

Wang said that the devaluation of the US dollar reminds China of financial risks, and the concerned departments should strengthen the financial mechanism to meet any changes in the international financial market.

Samsung Head, Jiang Zemin Discuss Economic Ties

SK1204114695 Seoul YONHAP in English 1102 GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (YONHAP)—Yi Kon-hui, visiting chairman of South Korea's Samsung business group, met Chinese President Jiang Zemin Wednesday to exchange opinions on ways to further expand business cooperation between the two countries.

Yi was the second South Korean businessman to meet Jiang. Last year, Sunkyong group Chairman Choe Chong-hyon met the Chinese leader.

During the meeting that took place at Jiang's Zhongnanhai office, Yi said his group would positively take part in the development of China's social overhead capital as part of stepped-up industrial cooperation in the Yellow-Sea economic sphere.

Saying that the lack of experiences among Chinese business managers seems to constitute a major obstacle to China's market economic reforms, the Samsung chairman said his group would run a management training institute to train Chinese businessmen.

President Jiang said South Korea is a model for Chinese economic development, asking the Samsung group to invest much in high-tech Chinese industries and otherwise contribute to the development of China.

Following his meeting with Jiang, Yi conferred with Premier Yi Peng at the Diaoyutai Guest House where he was staying.

Yi said that he was impressed deeply at Samsung's semiconductor plant during his visit to South Korea last November, and asked Yi to invest more positively in China, a Samsung official accompanying Yi said.

Asian Fund To Invest in Nation's Infrastructure

OW1204113895 Beijing XINHUA in English 1114 GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA/OANA)—The Asian Infrastructure Fund (AIF), with recently raised 600 million US dollars, has begun its investment in China.

"Approximately 240 million US dollars is moving into the Chinese mainland," Francis Pak To Leung, Managing Director of Hong Kong-based Peregrine Investments Holdings Limited, told a press conference here today. Peregrine is the sponsor of the fund.

The first group of AIF-aided projects include a local highway in Sichuan Province and some ports and wharves, Leung said.

According to him, AIF is targeted to raise one billion US dollars for direct investments in infrastructure facilities, primarily in the power, telecommunications and transport sectors. "China can get 60 percent of the fund," he assured.

AIF's initial investors include the Asian Development Bank, and International Finance Corporation, a division of the World Bank.

Peregrine Chairman Philip Tose said that the investor sentiment towards China's domestic securities market currently is low.

"But opportunities abound for foreign direct investment which offers a more stable and long-term source of funds than international portfolio investment in listed securities," said Tose who held that the investment environment in China has already shown marked improvement.

A Peregrine research report assumed that foreign direct investment in China will continue to grow, though at a more moderate and sustainable pace.

Tose said that Peregrine is seeking a long-term partnership with the Chinese mainland. It has pioneered in Chinese enterprises' B share flotation as well as their overseas listings.

The top-notch investment banking group in Asia now has a network of representative offices in Beijing, Shanghai, Guangzhou and Shenzhen and joint ventures in major cities. It will extend the network to cover more cities and regions.

Israel Signs 5 Economic Cooperation Agreements

HK1204093895 Beijing CHINA DAILY in English 12 Apr 95 p 5

[By Zhang Yuan: "Israeli Accords Pave the Way for Cooperation"]

[FBIS Transcribed Text] Visiting Israeli Finance Minister yesterday announced in Beijing the signing of five agreements with the Chinese Government, which are

expected to give a strong push to further development of economic cooperation and trade between the two countries.

They include agreements on avoiding double taxation, protecting bilateral investment, and a memorandum of understanding signed with the Chinese General Administration of Customs.

They are expected to promote Israeli investment in China and further the development of bilateral trade. Two-way trade between China and Israel reached \$249.08 million in 1994, up 63.5 per cent over the previous year, according to figures released by the Israeli Embassy in Beijing.

The Finance Minister Avraham B. Shochat said the fourth agreement regards setting up a scientific fund with the Chinese Government which is designed to promote scientific study between the two countries.

The fifth one is the credit-line agreement under which, banks of both countries should provide financial support to enterprises of their countries in setting up joint ventures in China.

Shochat, on his first visit in China, affirmed that Israel is willing to cooperate with China in various fields, particularly in the sectors of agriculture irrigation technology, chemicals, telecommunications, and computers.

There will be great potential for establishing Sino-Israeli joint ventures in those fields and the Israeli Government will back businesses that set up joint ventures with Chinese partners, Shochat said.

"We believe that closer cooperation in many fields between China and Israel will bring great benefits to both sides," the Israeli Finance Minister told about 200 Chinese and Israeli business people at yesterday's gathering in Beijing.

On Sunday, Shochat went to Tianjin, a large industrial city in north China, to witness the signing of an agreement with Tianjin Municipal Government on cooperation in the telecommunications industry.

He said that the Israeli Government will also support its companies cooperating with local partners in Qinghai Province to jointly develop potash fertilizer.

According to an official from the Ministry of Chemical Industry, the joint venture potash fertilizer project to be set up in Qinghai will require an estimated total investment of 4 billion yuan (\$476.1 million).

Being a large agricultural country, China now imports about 200,000 tons of potash fertilizer from Israel each year to satisfy domestic demand.

At yesterday's gathering, Shochat also invited China to send a delegation to participate in the Amman Economic Summit in October this year to discuss cooperation potential.

He also pledged strong support to China in its efforts to join the World Trade Organization and other international economic organizations.

Heading an eight-person delegation, Shochat arrived in Beijing last Friday for a seven-day visit at the invitation of Chinese Finance Minister Liu Zhongli. Yesterday morning, Shochat was also met by Chinese Vice Premier Li Lanqing.

U.S. Firm Sees Market for Radio Products Increasing

OW1104131595 Beijing XINHUA in English 1259
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—The world telecommunications giant, U.S. Motorola, will further expand its lion share of China's burgeoning market for mobile radio products, which is believed to enjoy a big increase in 1995 and 1996,

Jerry Thompkins, director of indirect distribution (North Asia) for Motorola's Radio Products Group, told a press conference here early this month that the rapid development of construction, transportation and other infrastructure sectors has greatly stimulated the demand for two-way radio products, as well as laid a solid base for the take-off of China's telecommunication industry.

At present, a dozen of international companies, including the Swede's Ericsson, Japan's Toshiba and National and Motorola of the United States, have taken part in the increasingly intensive market competition in China.

Thompkins said that Motorola will shift its focus to meeting the demands of the Chinese market, by designing a series of radio products specially to meet Chinese users' needs and expanding its dealers' network in the country.

At the beginning of the second quarter of this year, Motorola has introduced a dozen of new portable radio products, including the AP and CP series, which have basic functions and acceptable prices.

"I am confident of Motorola's future role as a No.1 supplier for China's primary and middle-level two-way radio market," said Thompkins.

Motorola's two-way radio technology currently takes the lead in the world. The company is expected to increase its investment on The Chinese Mainland to 1.2 billion U.S. dollars by the year 2,000.

Officials Say Industry Expanding Foreign Ties

OW1104133395 Beijing XINHUA in English 1319
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—China's basic industries, including chiefly the power supply, telecommunication and transport systems, are

sparing no effort at cooperating with foreign investors and companies, according to some ministerial officials at the 1995 China Summit.

"International cooperation is an important part of the reform and opening up in China's power industry," Vice Minister of the Power Industry Zhao Xizheng said today.

Zhao said that China will use about 20 billion U.S. dollars in foreign investment, or 20 percent of the total investment in the power industry by the end of the century rather than the current 11 percent.

Statistics show that during the past 16 years, some 14.3 billion U.S. dollars in contracts have been signed, and 63 large and medium-sized power projects, with a total capacity of 40 million kW have been built in the power industry.

Zhao said that China has all the proper conditions and large potential for foreign capital in its power industry, as it gets support from the State and involves little risk and steady gains.

Wu Jichuan, Minister of Posts and Telecommunications, also expressed his hope for further international cooperation.

"China's telecommunications and information industry are still very backward," he said, "but are in the heyday of development. The market potential is tremendous and provides extensive areas of cooperation."

China leads the world in opening its telecommunications equipment market and is one of the countries whose market access is the highest, Wu said, adding that the country had been active in utilizing foreign capital.

So far, China has used more than 6 billion U.S. dollars in foreign capital in this sector.

Sun Yongfu, Vice-Minister of Railways, said that China will make efforts to increase cooperation with other countries in the railway sector, and noted that previous cooperation has had good results.

Chen Guangyi, director of the Civil Aviation Administration of China (CAAC), said yesterday at the opening ceremony of the summit that China will make corresponding commitments on the domestic air transport market.

Basic industries and infrastructure have long been considered a "bottle-neck" in China's economic development by domestic economists and the country has listed them as high priorities in the 1990s.

Businessman Suggests FDI for State Enterprise Reform

OW1104164295 Beijing XINHUA in English 1535
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—Foreign direct investment (FDI) can be conducive to

China's state enterprise reform and is the quickest way to solve the fund shortage problem in state businesses, Philip L. Tose, chairman of Peregrine Investment Holdings, suggested here today.

In a speech at the 1995 China Summit, Tose said that China is trimming its support to its state sector in the cause of state enterprise reforms, and once the traditional state support and credit dries up, even state enterprises with sound business strategies, sound management, and healthy markets may see expansion plans thwarted.

"In such instances, FDI is a boost that can work quickly," Tose said. "A foreign party steps in, infuses funds, and expansion can go ahead. Growth continues, and jobs are saved."

He said that in such cases, capital markets may not be able to offer help fast enough because publicly listing a company, either at home or abroad, is a process that can take a year or more.

"Simply put, the foreign party wishing to act directly can be much more nimble bringing the help quickly to the Chinese firm," he said.

With FDI, China can also obtain production methods on the cutting edge of technology, and modern methods of management.

He went on to say that, in addition to cheap labor, the huge potential of China's domestic market is attractive to foreign investors.

He said that he estimates that between now and the year 2000, China will need up to 84 billion U.S. dollars for its investment needs.

Tose dismissed the notion that there is concern for the danger of a Mexican style crisis in China, as a result of the influx of foreign capital.

"Fortunately, so far the vast majority of funds flowing into China have been in the form of direct investment," he said. "Eighty-seven percent of 26 billion US dollars that flowed into China in 1993 was FDI. Only 13 percent was in the form of portfolio investment."

"This is the exact opposite of Mexico's experience," he said.

He said that one reason is simply that China's capital markets are relatively small and still developing—the equity or debt is not there to buy in large amounts.

In terms of China's sovereign debt, he said, because most of it is in foreign currencies, mostly yen and dollars, and is traded outside of China, it does not represent money that can flow back and forth across China's borders.

In addition to FDI, China can also consider raising funds in Hong Kong's capital markets, he pointed out.

He said that Hong Kong is the best venue for such purposes, because of its assured liquidity, and that the best example is that of Shanghai Petrochemical Works, which is listed in both Hong Kong and New York. Turnover of shares in Hong Kong in 1994 was more than two and a half times that in New York.

"That is a liquid market," he stressed, adding that China need not look elsewhere.

China Copyright Conference Opens in Beijing

HK1104151395 Beijing ZHONGGUO XINWEN SHE in English 1319 GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (CNS)—China Copyright Conference was started in Beijing today. The conference will sum up the work of last year, discuss the new situation and problems in copyright protection in China, strengthen the construction of copyright institutions in China and increase strength for combating piracy of copyrights.

Since the National Copyright Working Conference was held in Kunming in March last year, copyright protection has been highly stressed by the central government. The State Council has also issued the "Decisions concerning Further Strengthening of the Protection of Intellectual Property Rights". The legislative, judicial and executive departments have also issued a series of important copyright laws and regulations such as the "Decisions concerning the Punishment of Copyright Piracy". The copyright departments have gained great progress in combating the piracy of copyrights. According to statistics, last year, 2.2 million audio-visual laser discs and 1.58 million books which infringed upon copyrights were seized in the whole country.

The conference is presided by Yu Youxian, Director of the State Bureau of Copyrights. Shen Rengan, Deputy Director of the Bureau, has made a report entitled "Seizing the opportunity to create a new situation in copyright protection". This conference will last for four days.

PRC Approves 230,000 Patents in Past Decade

HK1204064495 Beijing RENMIN RIBAO in Chinese 31 Mar 95 p 5

[By reporters Jiang Jianke (5592 1696 4430) and He Huangbiao (0149 7806 1753): "China To Become a Major Patent Country in the World"]

[FBIS Translated Text] Beijing, 30 Mar (RENMIN RIBAO)—After a decade of strenuous efforts, China has established a comprehensive patent system. Statistics show that by the end of last February, it had received 448,000 patent applications from at home and abroad, 86.3 percent of which were domestic ones, and had approved 230,000 of them. The State Patent Bureau also has collected more than 30 million items of patent literature from 20 countries and two international organizations, and the amount

of literature collected is increasing at a rate of 1 million items a year. This indicates that China has joined the ranks of the world powers in terms of patent examination and management level.

Li Peiyao, vice chairman of the National People's Congress Standing Committee; Song Jian, state councillor and minister of the State Science and Technology Commission; and other leaders attended today's "Meeting Marking the 10th Anniversary of the Implementation of China's Patent Law," which was sponsored by the State Patent Bureau. Mr. Francois Curchod, deputy director general of the World Intellectual Property Organization [WIPO], and Mr. Hauyisaier [6275 0181 1049 1422], director of the German Patent Bureau, attended and addressed the meeting. Also present were the heads of more than 100 patent bureaus of foreign countries, as well as representatives of intellectual property rights [IPR] circles. On behalf of the State Council, Comrade Song Jian expressed his heartfelt gratitude to all the guests who had contributed to the development of China's patent undertaking.

Song said: After a decade of hard work, China has established a working system, including patent examination, management, representation, automation, and literature services, and has constantly developed and improved this system in the course of practice. The 1992 amended patent law has raised patent protection criteria, basically bringing them into line with international patent protection criteria. By acceding into the Patent Cooperation Treaty, China has become one of the eight state patent bureaus in the world which is both an international retrieval unit and an international preliminary examination unit. The launching of law enforcement and judiciary work concerning patents, which integrates case-handling by patent management organs with trials by people's courts, has effectively protected the legitimate rights and interests of Chinese and foreign patent owners, and has been universally well received, both at home and abroad. The implementation of patent technology has attained remarkable economic results, and has contributed to national economic development. The work of utilizing patent information has begun, and has played an increasingly greater role in scientific research, production, and macroeconomic decision-making. We have launched patent-related international cooperation and exchanges in all directions, and have extensively absorbed the strong points of other countries so as to promote China's patent undertakings. We also have played our due role in international patent coordination. Song also said: In recent years, the relevant Chinese Government departments also have adopted a series of major measures. The State Council has instituted an IPR work conference system. The state has promulgated a white paper on "IPR Protection in China." The State Council has made a "Decision on Further Strengthening IPR Protection Work." The NPC Standing Committee has promulgated a "Decision on Punishing Criminals Who Violate Copyrights." The Supreme People's Court has issued a "Circular on Doing

a Better Job in IPR Judiciary Protection." On 5 March this year, the State Council again issued a "Circular on Further Strengthening IPR Protection Work." Our comrades on the patent front should cherish this fine situation in IPR protection, seize the opportunity, press ahead in unity, and make persistent efforts so as to make new contributions to the solid establishment of an IPR protection system throughout society.

In his speech, Gao Lulin, director of the State Patent Bureau, said: Over the past 10 years, the forms of implementing patent technology—such as acquiring franchises, becoming shareholders through patent, and carrying out patent joint operations—have diversified; the implementation of patent technology has developed rapidly; and the ratio of patent technology transaction volume in the nation's technology transaction volume has risen continuously. The implementation of patent technology has attained quite remarkable economic results. According to 1993 statistics, from the 95 items winning Chinese patent gold awards or outstanding awards that same year, they created a total of 9.1 billion yuan in output value, 1.77 billion yuan in profits and taxes, and 190 million yuan in foreign exchange earnings. Over the past decade, a number of inventors and innovative entrepreneurs have emerged under patent protection. The encoding of Chinese characters for computers, the compression of Chinese character information, laser phototyping, and other inventions and creations, as well as their development into new industries, are representatives of typical significance in this sphere. Through integration with computer technology, the ancient Chinese characters have gained new vitality. As the world's earliest country to invent letter press technology, China once again stands in the front ranks of the countries of the world in terms of phototypesetting technology.

At today's celebration meeting, Qin Huasun, assistant minister of foreign affairs, delivered to Mr. Curchod, deputy director general of WIPO, a letter on China's accession to the Budapest Treaty. State Patent Bureau Director Gao Lulin delivered to Deputy Director General Curchod a notice requesting that China be accepted as an international preservation unit [bao cang dan wei 0202 5661 0830 0143] of the Budapest Treaty.

Ming Tinghua, deputy director of the State Patent Bureau, announced the bureau's decision on commending advanced units. Some 100 patent work advanced units across the country received merit certificates or credentials.

Commentator on Letting Patents Play Protection Role

*HK1204064595 Beijing RENMIN RIBAO in Chinese
31 Mar 95 p 5*

[Commentator's article: "Let Patents Fully Play Their Protection Role"]

[FBIS Translated Text] This year, 1 April marks the 10th anniversary of the implementation of the PRC Patent Law. Ten years are but a flash in the long process of history, yet China has traversed with pride and confidence a path that has taken industrialized countries 100 years to cover. It has established a modern patent system that tallies with China's national conditions and converges with international patent protection. In the course of reform and opening up, the patent system is playing an increasingly important role in boosting scientific and technological progress and national economic development.

The establishment of the patent system is a scientific policy decision of strategic foresight which the party Central Committee and the State Council have made to suit the needs of reform and opening up. The patent system is an important legal system and a stimulating mechanism universally adopted by all countries to encourage, protect, and speed up inventions and innovations. Practice over the past decade has fully proven that it greatly suits the needs of scientific, technological, and economic development. In some important aspects—such as the scope of patent protection, length of protection, and protection force—China has basically kept pace with its reform and opening up, and has suited the needs of developing the socialist market economy. It also has basically converged with the advanced criteria of international patent protection. The implementation of the patent law has enormously aroused the initiative of the vast numbers of scientists, technicians, and the general public in making inventions and innovations. The number of patent applications has increased at an average annual rate of 22 percent. China now has joined the ranks of the major powers in terms of patent application. By promptly handling and trying patent infringement disputes or cases according to the law, we have protected not only the legitimate rights and interests of Chinese patent-holders, but also the legitimate rights and interests of foreigners in China. This has created good conditions for attracting foreign capital, introducing advanced technology, and opening wider to the outside world. The application of patent technology, as the latest inventions and innovations are put under legal protection, has yielded marked economic results. By relying on patent technology and patent protection, more and more enterprises—especially high- and new-technology enterprises—have gained the initiative in the fierce competition on the domestic and international markets. The spread and application of patent information has provided an important source of information for the study of new technologies and for the development of new products, and played an increasingly important role in the rational distribution of scientific, technological, and economic resources.

Human society is approaching another millenium. The competition of comprehensive national power is focussed more and more on the competition of science and technology, and then on the competition of intellectual property rights, especially patent rights. The establishment of the socialist market economy structure in

China, and the country's wider opening to the outside world, have set higher demands on patent work. For this reason, we must energetically popularize the patent law, so that the public knows and understands the law; update traditional concepts that are incompatible with the development of the socialist market economy and the establishment of the patent system; and heighten patent awareness; thus creating a favorable environment and conditions for exploiting the rich intellectual resources among the people in their hundreds of millions. Moreover, we should intensify patent protection because this is the core of the patent system. We should enforce administrative means of law enforcement and the judiciary work of the law courts, handle cases according to the law, shorten case-handling time, and raise case-handling efficiency. This not only will make it impossible for copyright violators to take advantage of loopholes and make profits, but they also will be subject to due punishment. By so doing, we can demonstrate the dignity of the patent law, and curb rights violations. Through publicity by various news media, we should enable the general public to understand that stealing other people's tangible property is a violation of the law and should be subject to punishment, and that willfully copying other people's patent technology and products, and infringing upon other people's patent rights for the sake of production and operation are also violations of the law and should be subject to punishment. It is necessary gradually to establish throughout society a good atmosphere of protecting our own patent rights and of respecting other people's patent rights, so that the patent system in our country becomes more perfect, strikes deeper root in the hearts of the people, and plays an increasingly important role in national economic development.

Beijing To Boost Technology Exports

OW1104031495 Beijing XINHUA in English 0208
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—China's capital plans to export 100 million U.S. dollars worth of technology this year in an effort to spur its overall exports, according to the Beijing Municipal Government.

Wan Jifei, deputy director of the Municipal Economic and Trade Commission, said that over the next three years technology will contribute eight to ten percent to Beijing's exports, up from one percent in 1994.

Wan said that the city has built a technology export market involving the Beijing New-Technology Industry Development Zone, manufacturers, special foreign-trade companies and foreign-funded companies.

By the end of last year Beijing had exported 1,177 items of technology, to the tune of 391 million U.S. dollars, he said.

The items were exported to Hong Kong and 40 countries, including Germany, India, Japan, the Republic of Korea, the Netherlands, Malaysia, Russia, Singapore and the United States.

Wan said that last year Beijing exported 242 items of technology with a high content of technology and added value.

The items were worth 100 million U.S. dollars, up 48 percent from the previous year, he said, adding that they included power substation equipment, coal mining equipment and mobile telecommunications equipment.

Over the past five years the electronic composing system developed by the Fangzheng Group of the Beijing University has been adopted by 40 newspapers overseas, with exports worth 20 million U.S. dollars.

Official statistics show that Beijing has 502 research institutes, 67 universities and colleges, 55 technology information agencies and 26 national priority laboratories.

Beijing has 1.02 million scientists and technicians, six percent of China's total. They achieve 10,000 research findings on average annually.

Shenyang Uses Foreign Funds in Engineering Projects

OW1104131795 Beijing XINHUA in English 1257
GMT 11 Apr 95

[FBIS Transcribed Text] Shenyang, April 11 (XINHUA)—Shenyang, capital of northeast China's Liaoning Province, has spent over 3 billion U.S. dollars in urban engineering in the past few years in a bid to turn the city into a modern international metropolis.

In 1992, the city started to transfer the use rights of state-owned lands to foreign firms. Twenty four contracts were signed in the year on transferring the use rights of 41 ha of land for development purpose.

The acreage of plots whose use rights were transferred to overseas contractors increased by 58 percent in the following year and climbed to 96.5 ha in 1994.

Nineteen agreements on real estate development in the city were signed at an international economic and trade fair held last year alone, involving a total foreign investment of 1.19 billion U.S. dollars.

The city made use of the 44 million U.S. dollars of loans from the World Bank to build a water diversion project and used the one million U.S. dollars of loans from Australia in building an automatic traffic control system at Zhonghuan road.

With the 10 million U.S. dollars of loans from the World Bank, Construction of a sewage treatment project has started.

These foreign funds came from Europe, America, Hong Kong and other countries and regions in Southeast Asia.

The ratio of overseas investment now accounts for 15-20 percent of the city's total investment in city engineering. The figure is expected to grow to 40 percent by the year 2000.

Trade of 2 Billion Yuan Reported at Beijing Fair

*OW1104141495 Beijing XINHUA in English 1354
GMT 11 Apr 95*

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—The trade volume of '95 Beijing International Fair (BIF'95), which ended Monday, reached two billion RMB yuan, according to the organizing committee of the fair.

It was learned that more than 1,500 exhibitors from 26 countries and regions took part in the fair, which attracted 360,000 visitors.

The Chinese Pavilion at the fair is divided into 10 parts for real estate, electronics, anti-counterfeit technology, science and technology, brand-name products, light industry, joint-ventures, the Torch Development Plan for Rural Areas, tourism, and retailing.

Among them, the real estate part finished the largest trade volume of 1.1 billion RMB yuan.

Moreover, the delegation from Jilin Province signed contracts worth 400 million yuan with Britain, Spain and Iran. Shandong Province got contracts for export worth ten million U.S. dollars, and Mudanjiang city of Heilongjiang Province reached an agreement with Malaysia to establish a joint venture.

Shanghai Hosts International Electronics Exhibition

*OW1104150795 Beijing XINHUA in English 1440
GMT 11 Apr 95*

[FBIS Transcribed Text] Shanghai, April 11 (XINHUA)—The latest developments in printed circuit technology will be put on display in this leading industrial hub, with experts expressing hope that it will lead to a surge in demand.

The Fourth International Exhibition on Printed Circuit Technological Equipment & Electronic Materials, to be held from April 11 to 14, opened this morning at the Shanghai International Exhibition Center.

A number of well-known companies from the U.S., England, Italy, Germany, Israel, Japan, Singapore, South Korea, and Hongkong and Taiwan, together with China's major domestic producers of PCBs (Printed Circuit Boards), as well as equipment and raw materials producers, had displays there.

Covering an area of 6,000 square meters, the exhibition hall has displays showing various types of printed circuit products, technology, and electronics, all of them on the cutting edge.

As an indispensable element in electronics and communications, printed circuits are expected to meet ever higher requirements in variety and quality, and products are facing fiercer competition in the world's market.

During the exhibition, the China Printed Circuit Association, the sole sponsor, will also hold more than 20 technical meetings and courses, touching on research and development of PCBs, and the latest techniques in the manufacture of the printed boards.

Sponsors expressed the hope that the series of seminars and interchanges will play a positive role in boosting the development of China's printed circuit industry and electronics technology.

Power Industry To Use \$20 Billion in Investment

*HK1204093995 Beijing CHINA DAILY in English
12 Apr 95 p 5*

[By Sun Shangwu: "Power Sector Anticipates \$20b"]

[FBIS Transcribed Text] China's electric power industry will use \$20 billion of foreign investment, 20 percent of the total investment in the power industry, by the end of this century to achieve its ambitious development programme.

By the year 2000, China will bring the total power installation capacity to 300 million kilowatts (kw) and total electricity output to 1,400 billion kilowatt-hours (kwh), said Zhao Xizheng, Vice Minister of the Electric Power Industry.

He revealed these figures yesterday at the 1995 China Summit at the China World Hotel in Beijing. The three-day meeting, which was organized by the State Commission for Restructuring the Economic Systems and the International Herald Tribune, started on Monday.

Meanwhile, the total power installation capacity output will reach 553 million kw and the total electricity output will reach 2,500 billion kwh by the year of 2010.

"The Chinese Government will continue to implement the principles of actively utilizing foreign investment," he added.

Different modes will be adopted in using foreign capital, including joint financing, loans by international financial institutions, governmental loans, export credit, expansion of joint financing, issuing of stocks abroad, and direct foreign investment.

The power industry in China signed \$14.3 billion in investment contracts and used \$10.5 billion in direct investment in past 16 years.

When asked if the Chinese Government set the margins of returns of investment for foreign investors, Zhao said the margin of returns was decided by the market factors rather than by governmental decisions.

"It will be decided by such factors as financing cost, the electricity price, the demand for the project, and the management of power plants," he noted.

Zhao also stressed that the development of electric power should keep pace with the national economic growth and the use of foreign investment will be included in the overall plan of the country.

China's power industry is still a bottleneck for progress in economic and social development.

At present, the power generating capacity in China is only 0.154 kw per capita. The annual power consumption per capita averages only about 700 kwh, about a quarter of the world average.

***Article Views Antidumping Problems, Solutions**

95CE0339A Beijing JIDIAN RIBAO in Chinese
25 Feb 95 p 1

[Article by Zhou Shengyu (0719 0524 3842): "A Challenge That Cannot Be Dodged—Commentary on the Problem of China's Mechanical and Electrical Equipment Exports Encountering Antidumping Charges in Recent Years"]

[FBIS Translated Text] A grim fact is staring us in the face: The increasing number of foreign antidumping cases have begun to erect a high wall across the road of advance of China's electrical and mechanical products into the international market road. Some of domestic industry's hard-won overseas markets were gained only to be lost again.

Foreign antidumping cases against Chinese mechanical and electrical equipment have shown a gradually rising trend ever since 1991. There were four cases in 1991, five in 1992, seven in 1993, and 10 in 1994. The initiation of antidumping cases against Chinese machinery and electrical products has spread rapidly from developed countries, such as all the EC countries and the United States, to developing countries, such as Brazil, Mexico, Argentina, and Turkey. This shows that antidumping activity, which developed countries first began, has generated a domino effect in some developing countries and territories. As international market competition escalates and trade wars intensify, the antidumping situation that China's mechanical and electrical products encounter will very likely get worse.

Antidumping has already caused very great losses for the production and export of Chinese electrical and mechanical products. Products against which antidumping charges have been leveled include not only common ones such as screw washers, taper roller bearings, and welding rods, but also products having a fairly high technology content such as color television sets, computer floppy disks, and bicycles. Each product usually produces a ripple effect on very many production concerns in the country. The area affected is extremely great. After encountering antidumping measures, some products

become "guerrilla bands" in the international market, their market share declining rapidly. Take bicycles, for example. After encountering antidumping measures in the EC, efforts were made to open the Canadian market. But in December 1992, Canada made an antidumping ruling against Chinese bicycles as the number of imports rapidly increased. In 1993, China's exports of bicycles to Canada fell 60 percent from the previous year. The just opened market was lost. Shortly afterward, Argentina and other countries also reacted against Chinese bicycle imports, preparing to raise the "threshold" at any time. As part of Mexico's large-scale antidumping measures against Chinese products, bicycles "found increasing favor" as objects for attack from the time that cases were filed until final judgments were rendered. In a end, a 144-percent tariff was levied on them. After these markets shriveled, exports to the United States increased. Not long afterward, however, bicycles topped America's trade retaliation list. Unless we take vigorous action in similar cases, quite a few domestic enterprises will have to slow their advance into international markets.

The warning bell has sounded; the challenge cannot be avoided.

The year-by-year rise in foreign antidumping cases against Chinese mechanical and electrical products derives primarily from the following: With the rapid growth of China's economy and the steady increase in exports, some countries resort to trade protectionism out of concern lest Chinese products take their market share. They frequently place high tariffs on low-priced Chinese goods that enjoy a competitive advantage, with Chinese goods thereby losing their price advantage. As someone in China's Ministry of Foreign Economic Relations and Trade said very much to the point not long ago: "This is actually trade protectionism under the guise of opposing unfair competition." Actually, as independent entities responsible for their own profits and losses, China's foreign trade corporations and an overwhelming majority of production firms cannot price their goods below cost. If they did, they would not be able to stand the resulting economic losses. China's "Foreign Trade Law," and "Anti-Unfair Competition Law" also explicitly forbid dumping, which is unfair competition disadvantageous to healthy development of the economy.

Chinese concerns have not studied the international market well. Their maladroit sales methods are also an element giving rise to foreign antidumping measures. For various reasons, the design, performance, and manufacturing level of some Chinese products fall far short of advanced international levels. In addition, because of low price of domestic manpower and raw and processed materials in China, one major advantage Chinese products have in international market competition is low price. This is particularly true for labor-intensive products that do not derive added value from high technology. China's foreign trade strategy has never been able to get away from relying on low price, high volume tactics for success. For various reasons not entirely to

our liking in the foreign trade order in recent years, cutthroat price competition for identical products has become extremely serious in various export channels. This has intensified low price sales competition in foreign trade. Low prices and rapid increases in mass production have frequently become, to a certain extent, a direct incentive for antidumping cases.

Therefore, we must ask international society to take account of factors such as the low cost of Chinese labor and raw and processed materials, and to view pragmatically the price advantage of Chinese goods, according fair competition and fair treatment to Chinese products. They should not exclude Chinese products from the international market at every turn through the use of high antidumping tariffs.

Furthermore, we must even more remind domestic producers and exporters that helplessness and evasion in the face of increasingly grim antidumping challenges can only put them at an even greater disadvantage. We must stand up bravely to respond to foreign antidumping cases currently underway. We must proceed from our own realities to provide detailed, reliable, and convincing data in conjunction with the investigations of foreign antidumping agencies concerned. We must use facts to prove that our product sales are legitimate trade based on fair competition and are not dumping, and we must use the reasonable tariffs gained when cases are finally judged in an effort to maintain our hard-won international market share. This is an effective way in which to reduce losses to a minimum, and it is also where long-term enterprise interests lay in going into international markets. Since promulgation by the Ministry of Foreign Economic Relations and Trade in early 1994 of "Regulations on Response to Foreign Antidumping Cases Against Chinese Export Goods," the Chinese Mechanical and Electrical Products Export Chamber of Commerce has made definite headway in organizing export corporations and production enterprises in responding to suits. However, because problems with the antidumping defense fund, and with "benefit to those who respond to suits" have not been truly solved, and because some people do not sufficiently appreciate the impact of foreign antidumping cases, some domestic production concerns and import-export corporations have acted only in terms of their own current short-term interests. They have adopted an extremely evasive attitude about responding to antidumping cases. If they can avoid them, they do. Therefore, the establishment and strengthening of various overall systems, and destruction of egalitarianism about responding to antidumping charges by which those who respond and those who do not respond benefit equally has become a matter that will brook no delay. The government must take necessary actions to encourage those who respond actively and to penalize those who shirk their responsibility in order to stir enterprise and export corporation interest in responding to antidumping suits. All production concerns and import-export corporations must take into

account the interests of the whole, focus on long-range benefits, and take an active part in responding to suits.

Of course, generally speaking, response to antidumping charges after the fact is a passive action. Action that wards off future troubles is the only way to transform passivity into initiative. Actually, in an increasing number of antidumping cases, the death knell has already sounded for low price competition. Therefore, the government agencies concerned should make macro-readjustments of the foreign trade order. It should resolutely halt cutthroat price competition among the country's exporters. Microeconomically, each production concern should strive to improve the technical quality and manufacturing level of products to improve their inherent competitiveness. At the same time, they must actively study the international market to gain an understanding of its many levels, and to note what prices and what quantities are reasonable and appropriate. A favorable price strategy based on high technology added value and high quality should be formulated, with premium quality and premium price, and high quality and high price replacing the current low prices and large volume as means of succeeding. We must get out from under the shadow of low price competition. In this way, firms can not only establish an unassailable position in intensely competitive international trade wars, but also reduce the incentive for antidumping cases.

Agriculture

Gene Implanted To Protect Rice Against Bacteria

OW1104090095 Beijing XINHUA in English 0841
GMT 11 Apr 95

[FBIS Transcribed Text] Hangzhou, April 11 (XINHUA)—Chinese scientists have succeeded in inserting a kind of gene into rice cells to protect rice against bacterial diseases.

By inserting an anti-bacterial disease gene into the embryonic cells of rice, experts find that the rice gains strong resistance against both hoja blanca and bacterial leaf spot, two of the most common and destructive rice diseases.

The scientists had worked on the subject for some five years before their recent discovery.

With this method, micro-grains with the anti-bacterial peptide gene—which is able to check and even eliminate bacterial diseases—is inserted into cells of the growing rice embryo before it grows into a sapling after selection. By that time, the peptide gene has penetrated the chromosomes of the rice and the rice sapling has thereby acquired the gene to resist bacterial diseases, experts said.

The experiment will be helpful for the breeding of new rice species and strengthening the anti-disease capability of rice in southern China, where rice suffers from serious and frequent bacterial diseases.

The scientists are now concentrating on the study of the heredity of the transferred gene so as to apply their research findings to rice production as soon as possible.

Fujian Province Experience Food Products Increase

OW1104082195 Beijing XINHUA in English 0748
GMT 11 Apr 95

[FBIS Transcribed Text] Fuzhou, April 11 (XINHUA)—People of the southeast China province of Fujian now have richer diet as a result of the acceleration of agricultural production in recent years.

In the last two years, the province has witnessed an increase of 800,000 tons in output of all sorts of food products except for grain, which has been limited by a meager 0.038 hectare per capita arable land.

Last year, the output of aquatic products, fruit, edible fungus, meat, poultry, egg and milk combined rose by one million tons.

The output of aquatic products ranked third in the country to top 2.2 million tons last year, an increase of over 300,000 tons over the previous year, with per capita output accounting for 70 kilograms, leading the country for five consecutive years.

The fruit output reached 1.98 million tons, a growth of 450,000 tons; that of fresh edible fungus amounted to 600,000 tons, a rise of 130,000 tons, accounting for one third of the country's total and one ninth of the world's total; that of meat, poultry, egg and milk combined reached 1.32 million tons, an increase of 100,000 tons. Vegetable growing areas was expanded by 40,000 ha and the output reached 6.36 million tons.

***CASS Researchers View Rural Economy Needs**

95CE0346A Beijing ZHONGGUO NONGCUN JINGJI
[CHINA'S RURAL ECONOMY] in Chinese No 2,
20 Feb 95 pp 15-20

[Article by Han Jun (7281 0193) and Yu Xian (0151 6343), Rural Development Research Institute, Chinese Academy of Social Sciences: "1994-1995: Review of the Past and Outlook For the Future Rural Economic Situation in China"]

[FBIS Translated Excerpt] [Passage omitted]

Preliminary Assessment of Rural Economic Development Trends in 1995

[passage omitted]

1. Favorable factors. Agricultural and rural problems have attracted the serious concern of the Central Committee. It is hoped that already inaugurated agricultural and rural economic policies will be further implemented in 1995. These include the policy for supporting the economic development of major grain and cotton growing areas; the policy for developing high yield, premium quality, high

return agricultural demonstration areas; the policy for increasing investment in the agricultural infrastructure; and the policy for helping central and western areas of the country develop township and town enterprises. If fully implemented, the earmarked credit funds that the government has planned will increase substantially. Genuine implementation of the "Agricultural Law" will provide greater legal support for protection of the basic industry that agriculture is. Government departments concerned are looking for new channels for investment. They are considering allocating between 0.5 and 1 percent of investment in social fixed assets for the establishment of an agricultural protection fund.

The new measures that the Ministry of Domestic Trade has inaugurated for regulation and control of agricultural means of production markets will help keep agricultural means of production prices fairly stable. The Ministry of Domestic Trade has ruled as follows: The amount of chemical fertilizer, agricultural pesticides, and agricultural plastic mulch that the central government regulates, controls, and stores for future use will be no less than 15 percent of total sales volume, and the amount that provinces, cities, and regions regulate, control, and store for future use will be 20 percent of local sales volume. This will improve the ability of central and provincial governments to regulate and control agricultural means of production markets. Governments will retain and revive applicable policies regarding chemical fertilizer, agricultural pesticides, and agricultural plastic mulch production to lighten peasant burdens. They will incorporate chemical fertilizer storage facilities into a special investment plan, build 8.5 million square meters of new warehouses, and improve construction of chemical fertilizer storage facilities.

The central government has drawn on its substantial foreign exchange reserves to organize the importation of fairly large quantities of commodities for which supply does not meet demand, such as grain and edible oil.

2. Unfavorable factors. Prices of agricultural and sideline products cannot be raised greatly, but the 1994 rise in prices of agricultural means of production has made a rise in agricultural productions costs in 1995 a foregone conclusion. This means substantial difficulties for investment in agriculture in 1995.

Considerable difficulties remain for full government investment of the intended amount in agriculture. Local governments have always played the leading role in investment in agriculture. However, since inauguration of the system for sharing tax revenues between the central and local governments, which has slowed the increase in local government revenues, increased support for agriculture faces greater difficulties.

As yet, no farm-products market or regulation and control systems exist, so agricultural and sideline products circulate with difficulty. This caused an imbalance between agricultural and sideline products supply and demand in 1995. During 1994, net grain exports

increased, putting a certain amount of additional pressure on grain markets in 1995. Peasant markets are still very poorly organized. Consequently, they have been unable to cope with changes in agricultural and sideline products markets during 1995. Possibly the improved agricultural production structure will suffer setbacks.

The scale of credit will tighten in 1995, with township and town concerns facing difficulties in obtaining funds. At the same time, markets for township and town enterprise goods will also be limited because of the contraction of the macroeconomic climate. The ability of both township and town enterprises, and some enterprises in cities, to take in rural surplus labor will be hampered. Issuance of external work permits and itinerant employment permits will serve to increase system strictures on the easy flow of labor.

3. Basic trends in the rural economy during 1995. Experts attending the "1994-1995 Workshop on the Review of China's Past Agricultural and Rural Economic Situation and the Outlook For the Future" generally agreed that if no major natural disasters occur during 1995, production of major farm products, including grain, will maintain a steady growth momentum; no major fluctuations will occur in farm-product markets, and the impetus toward a tremendous rise in prices of farm products will be contained. The main reason is that, thanks to the incentive of farm-product price rises in 1994, peasant interest in increasing production remains fairly high in an overwhelming majority of areas. Despite the decrease in earmarked national grain reserves in 1994, approximately 30 million tons remain on hand. This is 25 million tons more than the minimum requirement. Grain exports will decrease in 1995, and imports may increase. This will ease domestic market supply pressures. Some factors contributing to the tremendous rise in farm-product prices during 1994, such as merging different prices of means of production and merging exchange rates, which affected farm product costs, will not recur during 1995. During 1995, the intensity of support for agriculture by central and local governments at all levels will also increase markedly. The workshop experts noted the unlikelihood of problems during 1995 in the aggregate balance of farm products. The nearly 20 billion jin decline in grain output during 1994 will not exert great pressure on 1995 grain supply and grain markets. Restraint must be exercised in propaganda, making sure not to exaggerate this effect so as not to damage city and countryside resident and enterprise expectations for a stable grain market.

Some experts also believe that the grain and cotton shortage will continue in 1995; thus a factor for further rise in farm-product prices will remain. There is no cause for blind optimism about either the farm-product supply and demand situation or price trends. The main reasons for this belief are the combined role of the fall off in grain output, the decline in grain reserves, and the increase in grain exports during 1994, which will reduce available grain by about 40 billion jin. Thus, one should not be

overly optimistic about the government's ability to use special grain reserves to regulate and control the market. Whether actual grain reserves tally with recorded state grain reserves of 30 billion jin has always been a matter about which there is some doubt. Furthermore, the quality of government grain reserves is less than that of private traders. Dumped on the market, they would be hard put to hold down prices. After grain procurement prices were increased substantially in 1994, relative returns from grain farming continued very low because of the steep rise in prices of means of agricultural production. This was particularly so in developed coastal areas where the rise in prices received for the grain did little to stimulate the peasants. Even in major grain-growing areas, there has been no change in the relatively low returns from growing grain. Local blockading of grain markets since the end of 1994 may intensify agricultural product supply and demand problems in some areas. The workshop experts feel there is little cause for optimism about the grain supply and demand situation in 1995. Grain markets will remain constricted, particularly during the first half of 1995. Unless effective action is taken to remedy the grain supply shortfall, the possibility of a rise in grain prices remains very high. A surge in prices will cause a rise in prices of livestock fodder, thereby causing a further soaring of livestock-product prices.

The experts at the workshop generally believed that chances are poor for continued fairly rapid increase in peasant income during 1995. First of all, governments cannot substantially increase procurement prices of agricultural products during 1995; thus, the role of price increases on peasant income will weaken. Second, a downturn will occur in the speed of national economic growth during 1995. Taken together with a contraction of the township and town enterprise growth climate, this will mean a weakening, as well of an increase in peasant income from employment in other than agriculture.

Policy Recommendations For Increasing Effective Supply of Agricultural Products and Increasing Peasant Income

Experts attending the workshop believed that the goal of rural economic development in 1995 should be an effort to increase substantially the speed of increase in peasant income while maintaining a steady increase in the supply of agricultural products and keeping agricultural-product markets stable. The experts made the following policy recommendations:

1) Stabilize Grain Production and Markets To Ensure Grain Supplies

Grain is a special commodity affecting the national economy and the people's livelihood, as well as social stability. The future decrease in cultivated land area, increase in population, and growth of indirect grain consumption demand cannot be reversed. Grain production faces very great pressures in the near and long term. It will be very difficult to increase the country's grain

output by another 100 billion jin to bring the total grain output to 1 trillion jin between now and the end of the present century. The degree to which grain production and grain markets remain stable from year to year has a very great effect on overall development of the national economy. The following actions must be taken to ensure that grain production and grain markets remain stable:

1. Preserve the cultivated land and grain growing area. It has been estimated that maintenance of a cultivated land area of no less than one mu per capita during the peak population period of the next century will require holding the annual net decrease in cultivated land at below 3 million mu per year. Achieving this will require conscientious enforcement of a basic farmland protection system. Consideration might be given to levying a cultivated land takeover tax, the proceeds to be applied to the reclamation of new farmland. The grain growing area must be stabilized above the 1.65 billion mu warning line every year. In addition to maintaining the cultivated land area and the area sown to grain, main reliance must be placed on increasing yields to stabilize grain production.

2. Appropriate adjustment of grain import and export policy. Action must be taken to limit grain exports and to increase grain imports somewhat in order to alleviate pressures on domestic grain markets during 1995.

3. Restructure the grain mix. Between 1990 and 1994, paddy output fell by 30 million tons, the ratio of paddy to total grain output falling from 45 percent in 1978 to 39 percent in 1993. The decrease in paddy output was an important reason for the rise in grain prices. Stabilization of paddy output is of crucial importance in stabilizing grain output and the grain market. Since 90 percent of the country's paddy rice is grown in the south, ensuring steady increases in southern paddy output is extremely crucial to grain production and grain markets nationwide. This requires actions to reverse the steady decline in the multiple cropping index, and the fall in paddy output that stems from seasonally allowing the land to lie fallow.

4. Foster and support new grain increase centers to correlate the interests of grain producing and grain consuming areas. Major changes have occurred in the regional pattern of grain production in China during recent years. The longstanding pattern of "southern grain moving north" is giving way to "northern grain moving south." Some major southern commodity grain bases have become net grain importing areas, while some erstwhile low yield areas of the north, where conditions for the growing of grain are poor, have become new commodity grain bases. During 1995, the central government policy supporting grain production will tilt toward new grain increase centers. Because of the regional imbalance between aggregate grain supply and demand and the kinds of grain grown, stabilization of the grain market will require encouragement of a rational interregional grain trade. Simply closing

regional grain markets can only abet the instability of the grain market. The establishment of fair and stable buying and selling among commodity grain producing and consuming areas should invigorate wholesale grain markets. This will permit grain-consuming areas to enter producing area wholesale markets freely to make purchases at a fair price, with prices fluctuating as market conditions require. A system might be instituted in which grain-importing areas commission grain-growing areas to buy and hold grain for them, thereby solving the longstanding problem of producing areas "getting the short end of the stick" in grain allocation. Grain-producing and -marketing areas might also be encouraged to set up cooperative commodity grain bases for reciprocal benefit.

5. Active and well-founded promotion of grain field economies of scale in economically developed areas. Proper economies of scale in the farming of grain fields plays a major role in stabilizing grain production and increasing the income of those engaged in farming in economically developed areas. Generally speaking, the household farming system should be encouraged as the basis for promoting the economies of scale in farming grain fields. Promoting development of the economies of scale requires establishment and perfection of a mechanism for passing land from one tiller to another. It is recommended that peasant household holding of land contracting rights be encouraged, with the peasants permitted to transfer these land-use rights according to law as long as state ownership of the land is made clear. A climate must be created that favors promotion of a macroeconomic policy of farming the land at the proper economies of scale. First, the development of key commodity markets must be accelerated, and policy measures that encourage peasants from areas lagging in development to contract land in developed areas should be studied and enacted to permit the circulation within a wider area of all key production elements. Second is the formulation of policy actions to accelerate the urbanization of rural villages and liberalization of restrictions on peasant migration into county-seat cities and towns and into cities and towns that are smaller than county seat cities and towns.

6. Enhancement of the government grain reserve regulation system to improve its grain market stabilization function. The fluctuation of grain markets since November 1993 shows that combining state-owned grain enterprises with government grain reserve regulation functions and commercial business functions cannot effectively stabilize grain markets. The need for reform of the lack of separation between government administration and enterprise management in the grain sector and establishment of a national grain reserve organization to discharge government functions is extremely urgent.

2) Change Insufficient Government Investment in Agriculture, Begin To Build a Mechanism For Steady Increase in Government Investment in Agriculture

Government investment in agriculture serves an indispensable role in the agricultural development process.

The character of the farming industry requires government fiscal support for and protection of agriculture. This method is used widely in many countries of the world. Changing the serious shortage of available capital, and the extremely fragile material and technical foundation for the agricultural sector in China, and realization of the goal of agricultural growth by the end of the present century require a change in the seriously insufficient government investment in agriculture. This means diligent implementation of all the agricultural support measures decided at the 1993 central rural work conference, steadily increasing existing channels of investment in agriculture according to the provisions of the "Agriculture Law," and thinking up ways to open new channels for raising money. Even more important is reforming the system of government investment in agriculture by beginning to establish a mechanism for steady increases in agricultural input.

First must be a definition of the powers and the fiscal authority of the central and local governments regarding investment in agriculture with the input of each level of government regularized. Under the system for dividing taxes between the central and local governments, the key to ensuring that governments at all levels steadily increase their input into agriculture, and particularly to prevent local governments from shirking their responsibility for developing agriculture, lies not only in dividing up central and local government fiscal revenues, but in also scientifically clarifying the powers of the central and local governments to develop agriculture. This must also be used as the basis for defining equitably the scale at which governments at all levels will pay for the development of agriculture, as well as legally standardizing it, thereby establishing as quickly as possible a new fiscal control system for agriculture that corresponds to the system for dividing revenues between the central and local governments.

Second is a rational decision about the purposes for which government payments for the support of agriculture will be used. In view of the character of government funds, payments to support agriculture should be used for the following main purposes. First is building of infrastructure to support agriculture. The central and local governments must concentrate financial resources to provide funds through direct investment for the building of an agricultural support system that includes large flood-prevention projects, irrigation and drainage projects, water resource projects, water and soil conservation projects, and shelter forest projects. Third is a special reserve system to support the establishment of a price support system for agricultural products that affect the national economy and people's livelihoods. Under this system, the government would put up the full amount for setting up a national farm products reserve regulation fund that regulates price fluctuations by withholding or supplying market commodities to the market to protect the interests of both producers and consumers. Fourth is support for the establishment of an agricultural risk insurance system. Adoption of a fiscal underwriting

insurance fund and tax reductions or waivers might be considered for the development of insurance enterprises to support agriculture.

3) Optimize the Agricultural Structure While Safeguarding the Grain Supply

Following solution of subsistence problems and the rise in income levels, people want not only larger quantities of agricultural products, but, even more, a greater variety and higher quality. Much less has been done to adjust the kinds of farm products supplied than to change the kinds of products in demand. This shows up mostly in the too low overall quality of farm products. The traditional method of developing agriculture of seeking increases in the total amount no longer ensures an increase in peasant earnings. Only further optimizing of the varieties and quality of farm products can help bring about fairly rapid increases in peasant income. The main ingredients in optimization of the agricultural production structure include the following:

1. Optimize the varieties of products of the farming industry, develop premium quality agriculture. The key to the optimization of agriculture lies in development of premium quality products and the founding and perfection of a corresponding service system. Government must support the scientific and technical sector in propagating high yield, premium quality, and strongly disease and insect-resistant varieties. It must also actively test and demonstrate existing premium quality varieties. It must particularly speed up the building of premium quality agricultural product bases as models. It must also augment and perfect the agricultural science and technology promotion system to promote integrated production, supply, and marketing of premium quality farm products.

2. Gradually change the present dual-grain crop and cash crop farming system into a triple-grain crop, cash crop, livestock fodder crop system for vigorous development of the livestock industry. More than 90 percent of the country's livestock industry today is in farming areas. Mostly it converts grain (approximately 17 percent of total output) directly into livestock products, hogs being the medium for an overwhelming amount of it. Many places feed paddy rice directly to hogs while exporting corn, which fetches a lower price than paddy rice. Such a conversion method is very uneconomical. Were the cultivated land that produces this grain to be converted to the growing of livestock grain directly, additionally importing some livestock fodder and exporting some livestock products, greater benefit could be gained.

China largely satisfies its needs for grain today, and per capita grain consumption will further decrease in the future. Currently meat consumption satisfies only 15 percent of total protein intake requirements in China. As per capita income rises, the demand for meat, eggs, and dairy products is bound to increase steadily. Development of the livestock industry during the 1990s offers very fine market prospects. Readjustment of the make-up of the farming

industry to provide the fodder needed to develop a livestock industry will be an important factor affecting peasant income increases. While ensuring the grain needed to satisfy the food needs of people in cities and the countryside and the grain that industry uses as raw materials, seed grain, and necessary grain reserves, future development of the farming industry must take into account the need for livestock feed to develop the livestock industry. The grain-growing area must be decreased gradually, while the land used for the production of livestock feed crops and for constant development of new livestock fodder sources is increased.

4) Open Every Employment Avenue For Surplus Rural Manpower

1. Make development of township and town enterprises and the building of small cities and towns the basic way of providing escape for surplus rural manpower. Township and town enterprises will continue to play the main role in future placement of surplus rural manpower. Guiding the development of township and town enterprises and the building of small cities and towns and promotion of the development of tertiary industries must be the basic approach for solving the surplus rural manpower employment problem. A substantial portion of township and town enterprises will continue to be dispersed in villages in order to take full advantage of the advantages that rural resources provide, but township and town enterprises having higher technical requirements should be encouraged to concentrate in small cities and towns. However, encouraging township and town enterprises to concentrate in small cities and towns does not mean selection of a nonagricultural and urbanization road of "small cities and towns blossoming everywhere to digest manpower close by." The blossoming of small cities and towns everywhere, which dissipating energies on general development on too small a scale, cannot yield the kind of functions that cities provide. It is detrimental to improving returns from investment, and it is also detrimental to the protection of land and environmental resources. The development of small cities and towns should be based on unified planning with existing county seat cities serving as the principal focus. At the same time, some organic towns having good conditions should be selected for greater development. Emphasis should be placed on the development of organic towns having 30,000 people, and especially on those having more than 50,000 people (including county seat cities and towns). According to 1990 population census data, China has 3,003 towns having a population of between 30,000 and 50,000, 1,396 having a population of between 50,000 and 100,000, and 87 having a population of 100,000 or more. Generally speaking, most of these towns have a certain amount of infrastructure in place and fairly good conditions for development. If funds were concentrated on their development, they would hold tremendous potential for soaking up surplus rural manpower. If towns that presently have a population of between 30,000 and 50,000 can be expanded by an average 20,000 people, towns having a population of between

50,000 and 100,000 expanded by an average 30,000, and towns having a population of more than 100,000 expanded by an average 40,000, the towns that have more than 30,000 people today could accommodate more than 100 million of the rural population.

If township and town enterprises and small cities and towns are to play a leading role in absorbing surplus rural manpower, the following policy actions must be taken:

1) Township and town enterprises must maintain a fairly rapid rate of growth. Macroeconomically, township and town enterprises must be given more support with a fair competition climate created for township and town enterprises. Since the advent of tax system reform, township and town enterprises no longer enjoy some former preferential policies. Efforts must be made to reduce the unfair social burdens of township and town enterprises.

2) Rural industries must be encouraged and guided to take a labor-intensive and technology-intensive course. They must meet both domestic and international competition. Township and town enterprises in developed areas must accelerate development of different quality products, upgrade quality, increase their scale of operations, and quicken their pace of technological renovation. During this process, they must disperse some labor-intensive production to central and western China. The widespread areas that are lagging in development must choose labor-intensive industries as initial industries.

3) Speed up development of rural tertiary industries. First, close attention must be given to the building of a market system. Emphasis must be placed on building wholesale farm-product markets, and on actively opening key elements of production markets, including rural capital and manpower markets. Second is the building of transportation, communications, insurance, finance and banking, public utilities, consulting and information service, and technical service industries as the development focus. Third is the operation of agricultural services as a business, making such services an important component in the development of tertiary industries. Fourth is development of new industries such as a rural real estate industry and tourism.

4) Accelerate development of township and town enterprises in the central and western parts of the country. The state must continue to intensify support for the development of township and town enterprises in the central and western parts of the country. Credit on preferential terms to central and western township and town enterprises that has already been decided should be provided promptly. In addition, township and town entrepreneurs in eastern China should be encouraged to invest in the operation of factories in central and western China for greater economic cooperation with central and western areas.

5) A policy to reform the household registration system in small cities and towns should be inaugurated as

quickly as possible, and the building of new type cities and towns using a completely new system should be actively explored. Departments concerned are currently drawing up reform plans for small city and town household registration systems. The principle followed in reforming the household registration system in small cities and towns should be a relaxation of restrictions on the movement of peasants into small cities and towns to live. All peasants who have a steady job and income in a small city or town, and a fixed abode should be allowed to apply for permanent residence there. Conditions are ripe for reform of the household registration system in small cities and towns. This reform should be put into effect across-the-board with all possible speed. In addition, new systems should be explored that provide for "multiple ownership rights, employment markets, commercial sale of living essentials such as housing, and socialization of welfare benefits." Furthermore, "government should bear less responsibility and society more responsibility" in the founding of new type cities and towns. This would avoid the traditional city and town system ills from the very beginning.

6) Various means should be used to encourage township and town enterprises to concentrate on continuous tract development, establishing large township and town industrial zones, and guiding township and town enterprise to congregate in small cities and towns.

7) Small cities and towns should be permitted to open various channels for raising money. The building of small cities and towns requires large sums of money. Relying primarily on the government to provide it is not realistic; it must be raised by the cities and towns themselves. Channels for raising money must be widened. Money for the building of small city and town infrastructure should be raised by following the principle that common enjoyment entails common responsibility. In addition, peasants should be encouraged to use their own money to operate enterprises in towns making the most of peasant enthusiasm for building cities. In addition, the small city and town real estate market must be invigorated and land used to accumulate wealth with the income derived from the sale of land-use rights and the profit obtained from the development of small city and

town real estate serving as an important source of capital for building small cities and towns.

2. Channel a rational flow of some surplus rural manpower into cities as an important way to find an escape for surplus rural manpower.

Large amounts of rural manpower have flowed into cities in recent years. Although this has created some problems, the flow into cities of rural manpower cannot be severely limited on this account. Except for a small number of cities that may place certain limitations on the influx of rural manpower, all other large and medium-sized cities should open the city gates to the peasants. They should encourage peasant entrepreneurs to come into the city to invest in the operation of factories; they should attract some rural manpower to enter the city for employment; they should permit some peasants to enter large and medium-sized cities for employment; and they should make efforts so that some peasants who qualify may become permanent emigrants instead of being year-round migrant workers.

The market must allocate manpower resources if a rational and orderly flow of rural manpower into cities is to be realized. Better government macroeconomic regulation and control, with the market regulating supply and demand, and the peasants themselves picking their own employment will gradually shape an open, competitive, orderly manpower market.

China's manpower market is very poorly developed at the present time, and the macroregulation and control system that goes with it is also not very sound. The key points for setting up and improving a manpower-market system and a corresponding macroregulation and control system are as follows: 1) Vigorous development of job placement agencies that match manpower supply with demand; 2) speedy building of a manpower market information network; 3) establishment and perfection of labor laws and regulations and a manpower market control system to standardize market activities so that the legal rights and interests of both enterprises and workers are safeguarded; and 4) development of manpower markets as a foundation for regional coordination of labor services.

East Region

Shandong People's Congress Work Report

SK0704090295 Jinan DAZHONG RIBAO in Chinese
28 Feb 95 p 2

[Report by Li Zhen, chairman of the Standing Committee of the Shandong Provincial People's Congress, on the work report of the Standing Committee of the Shandong Provincial People's Congress to the third session of the Eighth Shandong Provincial People's Congress on 21 February]

[FBIS Translated Text] Fellow deputies:

Entrusted by the Standing Committee of the provincial people's congress, I would like to report the work of the Standing Committee since the second session of the eighth provincial people's congress for your discussion.

During the past year, in line with the demands of the general tasks of the party and state, the Standing Committee of the provincial people's congress persisted in regarding the theory of building socialism with Chinese characteristics and the party's basic line as the guidance; conscientiously carried out the guidelines of the second session of the eighth provincial people's congress and the provincial people's congress work conference; actively exercised various functions and powers entrusted by the Constitution and law; devoted great efforts to strengthening the building of a socialist democracy and legal system; and played a positive role in upholding and perfecting the system of the people's congress as well as guaranteeing the establishment of Shandong's socialist market economic system and the smooth progress of the modernization drive.

1. We Met the Need of a Socialist Market Economic Development and Accelerated the Increase of Local Legislation

Over the past year, the Standing Committee upheld the correct legislative guidelines, followed the principles stipulated in the Constitution and law, proceeded from the reality of our province, strengthened measures, relentlessly grasped quality, and accelerated the speed of legislation. Last year, 53 local laws and regulations were successively formulated and approved, of which 25 were formulated by provincial authorities. We also approved 28 laws and regulations of Jinan, Qingdao, and Zibo. In the course of legislative work, the Standing Committee persisted in putting economic legislation first. Thus, of the formulated and approved laws and regulations, more than 60 percent of them had a bearing on the socialist market economy. Among them, the regulation on managing the transactions of urban real estate; the regulation on managing the communication market; the regulation on punishing the law-breaking behavior of producing and selling fake and inferior products; the economic contract management regulation; the method for carrying out the "product quality law"; the labor management regulation of foreign-funded enterprises; and the

labor management regulation of economic and technological development zones provided the legal guarantee for standardizing market behaviors, safeguarding the market order, and guiding and promoting the healthy development of a socialist market economy. At the same time, we also formulated the regulation of scientific and technological progress and the provisional regulation on television management; carried out the method of "security law"; and revised the regulation on managing the preservation of cultural relics. This gave play to an important role in promoting the development of scientific and cultural undertakings and social progress.

In order to smoothly fulfill the legislative task, we upheld the following points in the legislative work: A) We formulated legislative plans. We established special leading bodies, conducted scientific appraisal on legislative proposals, and drafted legislative plans on the basis of repeatedly soliciting opinions. Through discussions and decisions of the chairmanship meeting, the proposals were reported by the leading party group of the Standing Committee to the provincial party committee for approval, and then organized for implementation. B) We accelerated the rate of legislation. In line with the thinking of "enacting the much-needed laws and regulations, formulating easy ones before difficult ones, and promptly replenishing and unceasingly perfecting them," we firmly grasped the work of drafting and appraising the much-needed legislative items and arranged discussions as soon as possible. At the same time, we also paid attention to studying and drawing the experiences of the entire state and foreign countries, proceeded from the reality of our province, and formulated the local laws and regulations with the characteristics of our province. C) We laid stress on legislative quality. We adhered to the principle of a unified legal system; consciously safeguarded the fundamental interests of the state and people; and made strict checks on the drafting, examination, and approval. D) We grasped organizational coordination. We attached importance to the construction of special work organs and the professional contingent of legislation, as well as strengthened the organizational coordination of relevant departments and units.

In line with the demands of the National People's Congress, for more than 20 draft laws—including the Audit Law, the Arbitration Law, the Law of the People's Banks, the Law of Commercial Banks, the Publication Law, the Labor Law, and the Judge Law—the Standing Committee successively solicited opinions and suggestions for amendments and reported them to higher authorities.

2. We Improved and Strengthened Supervision Work in Line With Reform, Development, and Stability

Last year was one during which the issuance of our province's various reform measures was fairly concentrated. In order to guarantee the smooth progress of reform and construction, the Standing Committee

strengthened legal and work supervision on the "provincial government, court, and procuratorate." During the year, we successively sent 34 inspection groups to check on the situation of carrying out 13 laws and regulations; heard and discussed 11 work reports of the provincial government, court, and procuratorate; organized and conducted relevant inspections and investigations; and cooperated with the National People's Congress to conduct activities on law-enforcing inspection.

In the course of supervision work, we paid attention to strengthening legal supervision. In line with agricultural production and rural work, the Standing Committee conducted inspection and supervision on the situation of carrying out the Agricultural Law, the Law for Spreading Agricultural Technology, and the Law for Managing the Peasants' Burden. In the course of inspecting law enforcement, the results revealed that some leading cadres failed to take a firm stand regarding agriculture as the foundation; agricultural investments in some places were on the decrease year by year; the situation of misappropriating and misusing cultivated land was fairly serious; the contingent of spreading agricultural technology was weakened; and peasants' social and hidden burdens were still quite heavy. For these major problems, we have put forward opinions and suggestions to the relevant departments of the government. Specifically on the issue of environmental protection that restricts economic development, which is strongly reflected by the masses, the Standing Committee conducted a concentrated inspection on the enforcement of the law on environmental protection and organized two activities of "Shandong's environment protection by this century." This evoked strong repercussions in society and promoted the progress of environmental protection work. After the activities were completed, the leading party group of the Standing Committee wrote a special report to the provincial party committee, and the provincial party committee promptly approved and transmitted the report. The Standing Committee and various special committees conducted inspections and investigations on the situation of carrying out the Teacher Law, the Minerals Resource Law, the Company Law, the Statistics Law, the Law on Protecting the Disabled, the Law on Protecting the Rights and Interests of Women, the Record Law, the Law on Food Hygiene, the Regulation on Family Planning, and the Regulation on National Work. In addition, they also heard and discussed the reports on the situation of carrying out the organic Law on Neighborhood Committees, the Minerals Resource Law, and the Trade Union Law; they urged and supervised the provincial government and relevant departments to manage various undertakings in line with the law.

Over the past year, in line with the major tasks and issues of economic development and the issues over which the masses and people are prevalently concerned, the Standing Committee strengthened supervision on the work of the "provincial government, court, and procuratorate." The ninth Standing Committee meeting heard

and discussed the reports of the provincial Planning Commission and Financial Department on the situation of carrying out plans and budgets. The committee members held that the provincial economic situation was good, but some unavoidable difficulties and problems existed. Therefore, efforts should be made to conscientiously carry out the central guidelines on strengthening macroeconomic regulation and control; further add impetus to reform; comprehensively enhance the quality of economic operation; and guarantee the sustained, rapid, and healthy development of the national economy. In line with the demands put forward by the Standing Committee, the provincial government and relevant departments adopted positive measures and strengthened various tasks. Specifically on continued price increases, which was the "hot issue" over which society was concerned, the Standing Committee heard and discussed the provincial government's report on the situation of price work. Afterwards, the Standing Committee pointed out that Shandong's price situation was quite severe, so we should adopt effective measures to curb inflation and lower the excessively high price increases as soon as possible. In order to deeply conduct the anticorruption struggle, the Standing Committee heard and discussed the report of the provincial supervision department on the work situation of government organs across the province in conducting the anticorruption struggle and in strengthening the building of clean politics. The Standing Committee emphasized that we should continue to deeply fight corruption and advocate clean politics as well as make unremitting efforts to grasp the work through to the end. The Standing Committee also respectively heard and discussed the report of the provincial court on the situation of law enforcement, and the report of the provincial procuratorate on the situation of carrying out the law and on discipline inspection. Afterwards, the Standing Committee called for an effort to add impetus to law enforcement, further strengthen the comprehensive management of public security and order, and strive to safeguard Shandong's social stability.

To carry out the appraisal of deputies is the effective channel for strengthening the supervision work of the people's congress. Last year, the Standing Committee applied the supervision form to the organs directly under the province and organized some deputies to conduct appraisal on the work of the provincial administration for industry and commerce. The appraisal activity greatly promoted the work of the administrative departments for industry and commerce, and accumulated beneficial experience for further grasping the appraisal of deputies.

Over the past year, the Standing Committee strengthened the leadership over letter reports and visits as well as upheld and perfected relevant systems. During the year, a total of 3159 letters from people were accepted, and 3071 visitors were received. Through letter reports and visits, efforts were made to urge and supervise judicial organs and law-enforcement departments to improve their work; investigate, handle, and rectify

some cases in violation of the law; and safeguard the legal rights and interests of the masses and people in line with the law.

3. We Formed Close Ties With Deputies and Gave Full Play to the Role of Deputies

Deputies are the main members of the people's congress. Forming close ties with deputies and giving full play to the role of deputies is fundamental work for the Standing Committee to exercise their function and power. Over the past year, the Standing Committee helped deputies clearly understand situations and political affairs, listened to the opinions and demands of deputies, and maintained a close relationship with deputies by inviting the deputies to attend the Standing Committee meetings as observers, by reporting important situations to deputies, by assigning Standing Committee members to establish ties with deputies, by attracting deputies to participate in major activities, by regularly proposing suggestions for the content of activities to the groups of deputies, and by holding forums on the work of deputies. The Deputy Law is the legal guarantee for deputies to perform their deputies as well as the basic support for the Standing Committee of the people's congress to carry out its work on deputies. Last year, the Standing Committee held a forum to mark the second anniversary of issuing and carrying out the Deputy Law; held special lectures on the Deputy Law and the province's implementation method; organized and conducted inspections on the situation of carrying out the Deputy Law and the province's implementation method; and promoted the implementation of this law. The Standing Committee also conscientiously organized and assisted deputies to carry out inspections, investigations, and appraisals as well as to make ties with the masses and election units. Before the people's congress, the Standing Committee of the provincial people's congress and the Standing Committees of the people's congresses of various cities jointly organized deputies of the provincial people's congress to conduct inspections on last year's implementation of plans and budgets, industrial production and enterprise reforms, agricultural production and the development of rural economy, and law enforcement on safeguarding the market order. This achieved fairly good results. Over the past year, with a high degree of awareness of their responsibility and mission, the deputies of the Shandong Provincial People's Congress performed their duties in line with the law; quietly and conscientiously put their shoulder to the wheel in various trades and fronts; led the broad masses of people to actively plunge into the reform, opening up, and modernization drive; and gave play to the backbone and leading role in developing the socialist market economy and the building of socialist democracy and legal system.

Putting forward motions and suggestions at the people's congress is an important way for deputies to manage state affairs. The Standing Committee promptly transmitted the three motions put to discussion at the second session of the eighth provincial people's congress to the

relevant special committees for study and handling. For the motions on accelerating the increase in improving the pollution of Xiaqing He, which were respectively put forward by the Jinan and Weifang delegations, in the course of discussion and handling the Standing Committee fully considered and adopted the suggestions of the deputies. The provincial authorities established the group for making overall planning for harnessing Xiaqing He; this group has started their work. The Standing Committee discussed and adopted the report of the provincial government on the "overall planning for comprehensively improving the pollution of the Xiaqing He Basin" and made resolutions. As regards the motion on improving the judicial system of Dongying, which was put forward by the Dongying delegation, the law committee of the provincial people's congress held a discussion and put forward a report on the discussion results. The 13th Standing Committee meeting approved the report. The Standing Committee consigned 353 suggestions, criticisms, and opinions put forward by deputies to relevant departments for study and handling as well as strengthened the supervision and inspection on the handling work. Under the concerted efforts and close cooperation of various undertaking units, the handling work was fairly smooth and the quality was enhanced to a large extent.

In order to strengthen contacts with the Standing Committees of the people's congresses of cities, and to support and guide the Standing Committees of people's congresses of cities and counties to exercise their functions and powers in line with the law, last year we held the chairmanship forums of the Standing Committees of the people's congresses of cities across the province and of the Working Committees of the people's congresses of prefectures; exchanged the situations and experiences of carrying out the people's congress work in various areas; and studied and probed into the issue of how to further grasp the people's congress work, especially legal supervision. For the major resolutions and activities, the Standing Committee continuously upheld the systems of promptly reporting situations to the Standing Committees of the people's congresses of cities and counties, of soliciting opinions, and of inviting the responsible comrades of the Standing Committees of the people's congresses of cities to attend Standing Committee meetings as observers as well as held the sixth provincial work seminar of local people's congresses. Various special committees and administrative bodies held forums and seminars with the Standing Committees of the people's congresses of cities and counties in an effort to exchange and probe into some important situations and issues emerging in the course of the work and construction of the people's congress.

The Standing Committee also exercised the right to appoint and remove personnel in line with the law, appointed 144 functionaries of state organs, dismissed 59, and accepted three people's requests of resignation.

4. We Strengthened the Self Construction of the Standing Committee and Paid Attention To Giving Play to the Role of Special Committees

Strengthening the self-construction of the Standing Committee is the essential condition for successfully carrying out the people's congress work. Last year, the Standing Committee regarded study as the priority task of self construction; conscientiously studied the third volume of the "Selected Work of Deng Xiaoping" and the guidelines of the third and fourth plenary sessions of the 14th CPC Central Committee through various forms; persisted in using the theory of building socialism with Chinese characteristics to arm the mind and guide work; and consciously maintained a high degree of unity with the party Central Committee. Over the past year, Standing Committee personnel followed the rules of debate and the regulation of Standing Committee personnel; performed duties in line with the law; strengthened the building of a diligent and honest administration; deeply conducted investigations and studies, and made close ties with the masses. Consequently, their work efficiency and debate quality were enhanced to a large extent.

In order to enhance the recognition of Standing Committee members and the broad masses of people in terms of the quality, position, and role of the people's congress, on the 40th anniversary of the establishment of the people's congress, the Standing Committee seized the advantageous opportunity and conducted diversified commemoration and propaganda activities throughout the province. The provincial authorities solemnly held a commemoration meeting; held a large prize competition on television; and organized the quiz and joint exhibition of calligraphy, painting, and photo works in commemoration of the second anniversary of the promulgation of the Deputy Law. Various cities, prefectures, counties, and districts also prevalently carried out commemoration activities. Press and propaganda units at all levels across the province maintained close cooperation, concentrated their efforts, and propagated the work and systems of the people's congress through various layers and to all directions. The commemoration and propaganda activities created widespread and profound social influences.

Over the past year, the Standing Committee paid attention to strengthening the organizational construction and put forward explicit demands for study, work, and the building of organizational systems. Office cadres conscientiously studied the third volume of the "Selected Work of Deng Xiaoping," the documents of the fourth plenary session of the 14th CPC Central Committee, the socialist market economic theory, and the Constitution and relevant laws. As a result, their political quality and professional level were enhanced to a large extent. In order to improve the work style, various departments enhanced work efficiency as well as revised, supplemented, and perfected various rules and regulations. In October, the Standing Committee held

the forum of secretaries general of the people's congresses and of the directors of offices (departments) of cities and prefectures across the province in an effort to study and probe into the issue of how to successfully serve political affairs under the new situation.

The Standing Committee also actively carried out foreign affairs activities as well as received and participated in receiving the visits of 15 foreign parliaments or friendship missions. The friendship mission of the Shandong Provincial People's Congress, led by the chairman and vice chairman of the Standing Committee, and the Shandong Provincial Economic Delegation visited Shankou County in Japan and Switzerland, respectively, achieving great success.

Over the past year, the Standing Committee made fairly good achievements in various tasks. However, some deficiencies and problems exist. It is mainly shown in the following aspects: A) We failed to make energetic efforts to conduct supervision work, especially the inspection and supervision on the implementation of laws. B) Though we accelerated the step of legislative work, the appraisal of some laws and regulations at the earlier stages was inadequate, and the propaganda work after the formulation of laws and regulations was fairly weak. C) We failed to make sufficient efforts to investigate and study some new situations and issues emerging in the course of reform and construction, and lacked in-depth and comprehensive understanding. D) The self construction of the Standing Committee and special committees and organs should be further strengthened. These problems should be conscientiously studied and resolved in our work for some time to come.

Fellow deputies:

In 1995, our province will comprehensively accomplish the "Eighth Five-Year Plan" and make good preparations for the "Ninth Five-Year Plan." During this year, we shoulder great historical responsibility so that we can continuously regard the theory of building socialism with Chinese characteristics and the party's basic line as the guidance; comprehensively carry out the guidelines of the third and fourth plenary sessions of the 14th CPC Central Committee; act in line with the work plans and demands of the Shandong Provincial CPC Committee; regard the building of a socialist democracy and legal system as the basic task; effectively handle the relationship between reform, development, and stability; center on the general tasks of "seizing opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability"; conscientiously exercise functions and powers entrusted by the Constitution and laws; and make new contributions for ensuring the implementation of various reform measures as well as for maintaining the sustained, rapid, and healthy development of the national economy and safeguarding social stability.

The new situation of reform and construction calls for an effort to further strengthen local legislation. Therefore, we should continue to put economic legislation first in

legal system building and should firmly grasp the work of formulating local laws and regulations in accord with the need of socialist market economic development. The Standing Committee has formulated this year's legislative plans so that we should strengthen organizational coordination, relentlessly grasp implementation, and guarantee the fulfillment of the plans. In order to strengthen the impetus of making laws and regulations workable and scientific, we should devote great effort to enhancing the quality of this year's legislative work. We should proceed from the overall situation and avoid one-sidedly emphasizing partial interests and powers. We should pool the specialists and scholars of relevant fields to participate in the drafting work; in the course of legislative work, we should persist in combining the efforts of theoretical and practical workers. We should go down to reality, conduct investigations and studies, attend to consultation and appraisal while drafting laws and regulations, and extensively solicit the opinions of all sectors. We should conscientiously clear up laws and regulations that cannot adapt to the demands of situational development, revise those which should be revised, and abolish those which should be abolished.

We should adopt effective measures to emphatically grasp the legal supervision. During this year, in line with the tasks of curbing inflation, strengthening the foundation status of agriculture, and deepening the reform of the state-owned enterprises put forward by central authorities, the Standing Committee devotes great efforts to successfully carrying out inspections on enforcing the Agriculture Law, the Enterprise Law, the Regulation of Changing the Management Mechanism of Enterprises, the Company Law, the Labor Law, the Environment Protection Law, and other laws and regulations. In order to strengthen the inspection and supervision of the implementation of the laws, we should extensively and deeply propagate the legal system education and strengthen the fundamental work of law-enforcement inspection. We should further perfect the supervision mechanism, pay attention to the feedback of the supervision situation, add impetus to supervision, and strengthen the actual results of supervision. In the course of law-enforcement inspection, we should firmly grasp the problems in violation of the Constitution and laws without slackening the slightest effort. Particularly, we can never tolerate and yield to major and serious typical cases. We should also urge and supervise relevant departments to seriously handle them. In the course of grasping legal supervision, the Standing Committee should further strengthen work supervision, continuously organize deputies to appraise the work of the relevant departments directly under the province, and strengthen the guidance over the appraisal work of deputies of cities and counties. The main tasks for this year's work supervision are that we should supervise and support the "provincial government, court, and procuratorate"; carry out the guidelines of "unifying ideology, working out overall planning, strengthening coordination, and doing work in a down-to-earth manner" defined by

central authorities; grasp our own work in line with the general tasks of the party and state; smoothly carry out this year's economic and social development plans; strive to enhance the overall and operational quality of the economy; conscientiously resolve the problems of inflation, public security, corrupt situation, and peasants' burden that are strongly reflected by the people and masses; and further consolidate and develop the good situation of the whole province.

To represent the people to exercise the power to manage political and social affairs in line with democratic centralism is the basic characteristic of the work of organs of state power. Therefore, the Standing Committee should deeply study and carry out the guidelines of the fourth plenary session of the 14th CPC Central Committee as well as unceasingly enhance the recognition of the extreme importance of upholding democratic centralism. The Standing Committee should firmly foster the party's ideas, consciously accept the party's leadership, and unswervingly maintain a high degree of unity with the party Central Committee in the terms of the party's basic line, general principles, general policies, general objectives, and major issues affecting the overall situation. The Standing Committee should also uphold the principle of deciding major issues through collective decision, fully carry forward democracy, handle affairs in strict accordance with the law, and strive to accomplish various systems of democratic and scientific resolutions. We should further transform work style, strengthen investigation and study, go down to the grass-roots organs, and comprehensively understand the actual situation of reform and construction in an effort to make various resolutions accord with the objective reality and the fundamental interests of the people. In line with the arrangements of the provincial party committee and the principle of unified, efficient, and simple administration, we should do a good job in the organizational reform of the people's congress and should make the organizational establishment and cadre contingents adapt to the need of the increasingly arduous work. We should strengthen guidance over the term of office of the people's congresses of townships and towns, and should further make close ties with deputies and people's congresses at all levels.

During this year, the tasks facing the Standing Committee are very arduous. In order to smoothly fulfill these tasks, we should act in line with the demands of "studying, studying, and studying again" as put forward by Comrade Jiang Zemin; conscientiously study the first, second, and third volumes of the "Selected Work of Deng Xiaoping"; comprehensively grasp the scientific system of the theory of building socialism with Chinese characteristics; and profoundly comprehend the basic viewpoint and spiritual substance of the theory. We should strengthen the study of the Constitution and the law, strive to grasp the weapon for carrying out the people's congress work, and unceasingly strengthen the consciousness of handling affairs in line with the law. We should consciously study the basic theory of a

socialist market economy and modern scientific and technological knowledge in an effort to lay a good ideological and theoretic foundation for establishing and perfecting the socialist market economic system and promoting scientific and technological progress. Only by paying great attention to and realistically grasping self-study, as well as ceaselessly enhancing the theoretic level and professional quality, can we always grasp the correct political orientation and continue to push the work and construction of the people's congress forward.

North Region

Tianjin Secretary Speaks on Theoretical Study

SK1204062295 Tianjin TIANJIN RIBAO in Chinese
1 Apr 95 p 1

[FBIS Translated Text] The municipal party committee held a meeting of leading cadres on the afternoon of 31 March to exchange their experience gained in studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. It was pointed out at the meeting that efforts should be made to firmly seize the fundamental points of Comrade Deng Xiaoping's theories on applying the theories to arming the entire party, to concentrate efforts on grasping the scientific system in the theories of Comrade Deng Xiaoping and on applying theoretical weapons to dealing with practical problems, and to further deepen the theoretical study in the municipality as a whole so as to improve the municipal program of building the two civilizations to a new level.

Gao Dezhan, secretary of the municipal party committee, attended the meeting and delivered an important speech.

Li Jianguo, deputy secretary of the municipal party committee, presided over the meeting. Municipal leading personnel—including Fang Fengyou, member of the municipal party standing committee and director of the organizational department under the standing committee—attended the meeting.

Luo Yuanpeng, member of the municipal party standing committee and director of the propaganda department under the standing committee, read the decision made by the propaganda department under the municipal party committee with regard to commending the 38 study central groups—including the municipal discipline inspection commission—and 47 secretaries outstanding in the study—including Li Guiyue.

Successively speaking at the meeting were responsible comrades from the study central groups under the party committees of Nankai District, the Municipal Public Utilities Bureau, Xiqing District, Hexi District, and the First Municipal Light Industrial Bureau. In their speeches, they exchanged their experience and understanding gained in studying the theories of Comrade Deng Xiaoping and in applying theories to guiding their

work. The study central group under the party committee of the Second Municipal Commercial Bureau submitted its written report to the meeting.

After fully acknowledging the achievements scored by the municipality as a whole in the theoretical study in the former period, Gao Dezhan put forward the following four opinions on the issue of how to further deepen the study undertaken by leading cadres: 1) We should deepen ideology and understanding in this regard and further upgrade the consciousness in theoretical study. 2) We should deepen the grasping on theoretical systems and truly apply the theories of Comrade Deng Xiaoping to arming ourselves. 3) We should deepen the integration between theories and reality and continuously upgrade our capability in dealing with practical problems. 4) We should deepen the establishment of studying systems and gradually orient the study onto the track of standardization and systematization.

Gao Dezhan pointed out: Consciously upholding the theories of Comrade Deng Xiaoping as a guidance represents a premise for us to conduct our work in various fields. In view of the leading bodies and cadres of various departments, commissions, offices, districts, counties, and bureaus, only by successfully studying the theories of Comrade Deng Xiaoping can they accurately implement in an overall way the party's basic line; expedite in an overall way the new and great project of enhancing the party building; be a qualified leading cadre; better assume the historical missions; and expedite various work in reform and construction. Enhancing the theoretical study undertaken by leading cadres at all levels represents a big and far-reaching issue that has a bearing on the whole situation and also represents an important and pressing task.

Gao Dezhan stressed: The key to deepening the study at present lies in vigorously concentrating efforts on grasping in an overall and systematic way the scientific systems of Comrade Deng Xiaoping's theories and on applying the theoretical weapons to dealing with practical problems. First, we should study and read the master copies earnestly and thoroughly. Second, we should be good at studying the theories and meditating issues by bearing the reality in our minds and truly achieve mastery through a comprehensive study of the theories. Third, we should earnestly study and master the scientific world outlook and methodology of the dialectical and historical materialism that run through the works written by Comrade Deng Xiaoping. We should also master the skill of applying the Marxist stand, viewpoint, and method to analyzing and dealing with problems. Fourth, we should seize the focal points of theories; master in a complete and accurate way the scientific contents in a series of basic concepts of Comrade Deng Xiaoping's theories and the internal relations among these concepts; and should try to master them well and thoroughly.

Gao Dezhan stressed: The purpose of study lies totally in application. What is most important for leading cadres is

to study these theories to bear the reality in their minds, to study for the purpose of application, to study to direct their practice, and to study to further upgrade their capability of applying theoretical research to dealing with practical problems. Through study, we should further unify our thinking with the theories of Comrade Deng Xiaoping so as to upgrade our consciousness and firmness in implementing the party's basic line, principles, and policies. By bearing in mind the entire situation in the work undertaken by the entire party and country, we should continuously upgrade our capability of taking the overall situation into consideration and having the complicated situation well in hand. By firmly bearing in mind the reality of various work in reform and construction, we should earnestly handle the existing new situations, new contradictions, and new problems; make breakthroughs in crucial issues and weak links; and improve economic development to a new step and the work in various fields to a new level. By bearing in mind the reality of party building and the spiritual civilization construction, we should do a good job in grasping party building in a down-to-earth manner and in improving the municipal program of building a spiritual civilization to a new level. By bearing in mind the reality in the construction of ideology and politics, we should enhance the training of party spirit and do a good job in dealing with the problems committed by party members and cadres with regard to the world outlook and outlook on life.

Gao Dezhan urged party committees at all levels, particularly first leading personnel, to attach great importance to theoretical study; to take the lead in study; and to take personal charge of the study. They should correctly and successfully deal with the relationship between study and work as well as the relationship between self study and collective study, and should vigorously foster the fine habits of study so as to arouse meditation and personal opinions through study and to achieve results in it. Party committees at all levels should formulate a good plan for study in line with their own reality and according to the demand set in the arrangements made by the central authorities for the "double study" activities as well as the demand set in the three-year plan formulated by the municipal party committee for party building. We should establish or perfect the mechanism of expediting and safeguarding study. All in all, we should discuss revised measures to encourage the central study group of party committees at all levels to improve based on the current foundation of its theoretical study to a higher step and to bring along the further deepening of theoretical study in the municipality as a whole.

Gao Dezhan stated: If we persistently, continuously, and successfully study the theories of Comrade Deng Xiaoping, an essence for study; further upgrade the level of applying these theories to looking into the situation, grasping the entire situation, and directing work; and unswervingly uphold the party's basic line, then we will be able to unite with and arouse people across the municipality to commonly wage struggles, realize the

overall working targets of "two boostings and two breakthroughs," and fulfill the tasks of this year in an overall manner.

Northeast Region

Heilongjiang Invites Business From Hangzhou

SK1204022095 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 11 Apr 95

[FBIS Translated Text] The delegation of the Heilongjiang Provincial People's Government, which is implementing a policy to invite in businesses in order to establish associations with the southern cities of China, held a press conference in Hangzhou on the morning of 11 April to open its first business invitation event with cities along the southeast coast.

During the press conference, Zhu Dianming, vice chairman of the Heilongjiang Provincial People's Congress Standing Committee, informed leading personnel from the relevant departments of the Hangzhou people's government of Zhejiang Province; personages from industrial and commercial circles; and reporters of the characteristics of the sixth Harbin economic and trade talks that will be held in June this year and of the Heilongjiang's strong points. He welcomed state-owned enterprises, township enterprises, three categories of foreign-funded enterprises, privately-owned enterprises, non-governmental enterprises, and scientific research units across Zhejiang Province to participate in the talks so as to hold trade talks with both domestic and foreign businessmen and carry out economic and technical cooperation.

Yang Bin, vice chairman of the Zhejiang Provincial People's Congress Standing Committee, and Zhang Qimei, vice governor of Zhejiang Province, received Vice Chairman Zhu Dianming and all members of the Heilongjiang Provincial People's Government's delegation on the afternoon of 11 April. During the reception, both sides expressed their wishes to mutually complement their strong points and enhance cooperation.

Liaoning CPPCC Committee Issues Work Report

SK0104070295 Shenyang LIAONING RIBAO in Chinese 7 Mar 95 pp 1, 2

[Report by Yue Weichun, vice chairman of the Liaoning Provincial Committee of the Chinese People's Political Consultative Conference (CPPCC), made at the third session of the Seventh Liaoning CPPCC Committee on 19 February on the work of the Standing Committee of the Liaoning CPPCC Committee]

[FBIS Translated Text] Fellow deputies:

Entrusted by the Standing Committee, I now make a work report to this session for your examination.

Work Review of the Past Year

Over the past year, the various nationalities of Liaoning, under the leadership of the Liaoning Provincial CPC

Committee, took Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as well as the party's basic line as the guidance. Additionally, they conscientiously carried out the spirit of the 14th CPC Congress as well as the third and fourth plenary sessions of the 14th CPC Central Committee, further emancipated the mind, grasped opportunity, deepened reform, and opened up wider. Economic construction developed in a rapid and healthy manner, society and politics maintained stability, and the unity of nationalities was more consolidated. Some localities were stricken by serious natural calamities; however, under the kind attention of the party Central Committee and the State Council, as well as the correct leadership of the provincial party committee and provincial government, the Army and people rallied together, fought arduously, fought natural calamities by providing for and helping themselves, resumed production, and rebuilt their villages and towns. There was still a fairly good harvest, and the momentum to continuously, speedily, and healthily develop the national economy was maintained.

The new situation of Liaoning's reform and construction posed new tasks and requirements for the work of the Chinese People's Political Consultative Conference [CPPCC], and the new situation also provided more advantageous opportunities and conditions for the CPPCC work to further initiate a new prospect. Last year, the Standing Committee of the CPPCC committee conscientiously organized the various parties, groups, and people of all nationalities and from all walks of life who joined the CPPCC committee; firmly focused on the central task of the party and government; worked hard to explore new ways to perform the function of political consultation, democratic supervision, and participating in and discussing the political and government affairs; and satisfactorily accomplished the tasks set by the second meeting of the seventh CPPCC committee. Every task achieved new progress.

1. We conscientiously studied Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and deepened the understanding to the function of the CPPCC committee.

Studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics was a major issue for the entire party and an important task for the CPPCC committee. In 1994, the provincial CPPCC committee insisted on the good tradition of carrying on self-education, organizing and promoting members to develop various study activities.

We held meetings and forums of self-education discussions and reports to study the "Selected Works of Deng Xiaoping" and relevant important documents so we could assist members to understand the spiritual substance, further emancipate their mind, and continue to renew their concepts. We conscientiously carried out the spirit of the second meeting of the Eighth National CPPCC Committee; organized to study the CPPCC

constitution; assisted members to profoundly understand the significant meanings of the CPPCC constitution which was newly revised; and strengthened the sense of responsibility in performing the CPPCC members' rights, obligations, and participation in as well as discussion of political and government affairs. We held discussion meetings and study groups to study the theories of the united front and of the CPPCC committee in the new period; to assist members to enrich their knowledge of the united front and the CPPCC committee; to broaden their vision; and to achieve success in the CPPCC work. We published and issued study materials regularly; organized members to study the CPC's line, guideline, and policy, the theory of the socialist market economy, and modern scientific and technological knowledge; assisted members to understand and clearly perceive the national situation as well as the provincial situation; grasped the general task; and actively participated in various practices of reform and opening up. Through the development of these activities, the members deepened their understanding of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; improved their understanding of the CPPCC committee's nature, status, function, and power; and strengthened their initiative to insist on the party's basic line as well as their sense of mission to perform the CPPCC's function.

"YOU BAO" [Friends Newspaper], sponsored by the provincial CPPCC committee, persisted in the guideline of "having our feet firmly planted at the united front and keeping the society in view"; worked hard to publicize Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as well as the united front's guideline and policy in the new period; publicized the system of multi-party cooperation and CPPCC committee, which were under the leadership of the CPC; and played an active role in enhancing the development of our work of the united front and the CPPCC committee and in enhancing construction on the socialist democratic politics.

2. We conscientiously achieved success in holding the CPPCC committee's plenary session, the meetings of the Standing Committee, and the consultative conferences; we continued to improve the level of participating in and discussing political and government affairs.

The CPPCC committee's plenary session, meetings of the Standing Committee, and the special-topic consultative conferences are the main forms by which the CPPCC committee performs the function of political consultation, democratic supervision, and participating in and discussing the political and government affairs. In 1994, the provincial CPPCC committee convened one plenary session, five Standing Committee meetings, and one fairly-large consultative conference in which the Standing Committee respectively conducted discussions and consultations on some important issues concerning Liaoning's economic and social development. New headway was made in the level of participating in and discussing political and government affairs.

We studied the CPPCC constitution, focusing on the general task. During the sessions of the National People's Congress and national CPPCC committee in 1994, the CPC Central Committee and State Council set forth the general task of "grasping opportunity, deepening reform, opening up wider, enhancing development, and maintaining stability." The provincial CPPCC committee took providing service to the general task and performing functions as the main subjects; convened the sixth Standing Committee meeting of the seventh CPPCC committee; studied the newly revised CPPCC constitution; kept Liaoning's reality of building a socialist market economy system in view; studied how to promote reform, enhance development, and safeguard stability; improved the level of political consultation, democratic supervision, and participation in and discussion of political and government affairs; took a further step to bring into play our advantages; and actively contributed to Liaoning's reform, opening up, and the "two civilizations."

We made suggestions, focusing on the major issues in Liaoning's economic development. Agriculture and rural work were always the focus of attention of the provincial party committee and provincial government. The 17th chairmanship meeting of the provincial CPPCC committee decided to give priority to agriculture and rural work in our participation in and discussion of political and government affairs in the entire year. Chairman Sun Qi organized the relevant members to conduct investigations in seven cities and 17 counties from May 1994, while at the mean time the various democratic parties, relevant special committees, and CPPCC committees of every city also conducted investigations from different perspectives. The relevant departments directly under the province as well as some experts also participated in discussions and assessments. In September 1994, we convened the seventh Standing Committee meeting of the seventh CPPCC committee, in which 33 comrades expressed their opinions. After full consultation and discussion, the "Suggestions on Some Issues Concerning Accelerating the Development of Liaoning's Agriculture and Economy in Rural Areas" was unanimously approved and submitted to the provincial party committee and provincial government. The provincial party committee and provincial government attached much importance to the suggestions, took them into consideration during policymaking, and commented and transmitted them to all localities to be carried out while integrating them into each locality's reality.

We posed our opinions and suggestions by focusing on party building. In order to carry out the CPC Central Committee's "Decision on Some Important Issues Concerning Strengthening Party Building," as well as the Liaoning Provincial CPC Committee's "Opinions on Implementing the Decision on Some Important Issues Concerning Strengthening Party Building," the provincial CPPCC committee convened the eighth Standing Committee meeting of the seventh CPPCC committee. Comrades participating in the meeting set off a full

discussion and posed many useful opinions and suggestions. Persons in charge from Liaoning's various democratic parties spoke, unanimously endorsed the CPC Central Committee's "resolution," and set forth some measures for self-improvement that evoked strong repercussions.

We conducted consultations on special topics, focusing on major principles. In accordance with the provincial government's suggestions, Vice Governor Gao Guozhu led relevant comrades in charge of the provincial office of foreign trade and economic cooperation to report to the provincial CPPCC committee on the "Opinions on Liaoning's Opening Up Wider to the Outside World" in early December in an effort to solicit the opinions of the provincial CPPCC committee. Comrades participating in the meeting conducted discussions and consultations on the contents of opening up wider, such as the guiding thoughts, situation, aims of development, and specific measures. In late December, Acting Governor Wen Shizhen, along with vice governors, reported to the provincial CPPCC committee on Liaoning's 1995 economic work and development thoughts. They conducted consultations and discussions with the CPPCC committee's chairman, vice chairmen, and some members of the Standing Committee on the relevant questions in economic construction and social development as well as issues such as improving the quality and efficiency of economic operation and ensuring a continuous, speedy, and healthy development of the economy. The members participating in the meeting posed opinions and suggestions on how to develop Liaoning's economy and achieve the goal of the "second pioneering program" that were adopted by the leaders of the provincial government.

3. We gave full scope to the special committee's function as the foundation, and strengthened the work of investigation and inspection.

Special committees are the working organizations by which the CPPCC committee organized its members to conduct regular activities; the special committees play the foundation role in the endeavor to participate in and discuss political and government affairs. In 1994, the special committees of the provincial CPPCC committee—in accordance with the principles of "keeping the scale small, topics special, and results real"—timely chose the topics that people were concerned about, that party and government organizations attached importance to, and that the CPPCC committee was able to achieve success in in order to organize democratic parties, mass organizations, and members of the CPPCC committee to conduct investigations and inspections together with the relevant party and government organizations and all the city CPPCC committees, and brought into play the overall advantages of the CPPCC committee.

We developed investigation and studies, focusing on the important issues in economic construction and social development. In early 1994, Liaoning's broad masses of peasants and rural cadres had strong complaints on

questions such as the chaos in the circulation system of the agricultural means of production and the inordinately large increase in the prices of means of production. The provincial CPPCC committee organized members to conduct investigations on this issue and promptly posed to the provincial party committee and provincial government the "Suggestions on Conducting Reform on the Circulation System of the Agricultural Production Means and on Stabilizing Prices," which were highly valued; Gu Jinchi, secretary of the provincial party committee, commented that "the government should conduct research and policymaking as soon as possible." In May 1994, together with the relevant departments of the provincial government, we conducted investigations on building the export-oriented economy of the five cities in the western part of Liaoning; the investigation report we formed received much attention from the provincial government. The provincial government included the report's ideas in its export-oriented strategy in which Dalian was the dragon head, Yingkao and Dandong the wings, and the group of cities around Shenyang the body. During this period, together with the association of industry and commerce and the relevant department of the provincial government, we conducted investigations on the development situation of private economies and individual economies as well as formed the "Opinions and Suggestions on Some Conspicuous Problems in Liaoning's Development of the Private Economies and Individual Economies," which were commented on by the major leaders of the provincial party committee who said that "the provincial government should call the relevant departments to study the opinions and suggestions and transmit them to the entire province in the name of the offices of the provincial party committee and provincial government.

We also went deep down to the Fuxin Mongol Autonomous County, Beizhen Manchu Autonomous County, and Xiuyan Manchu Autonomous County to conduct investigations on the situation of the minority nationality regions' economic development as well as the situation of implementing the "Law on Regional National Autonomy." In July 1994, together with the Science and Technology Committee of the national CPPCC committee, we conducted investigations on nongovernmental scientific and technological enterprises in Shenyang, Dalian, Anshan, Benxi, and Dandong. We set forth ideas to make nongovernmental scientific and technological enterprises enter the new road that is to take market as the guidance, technology as the support, production as the lead, and efficiency as the core; that is to combine science, industry, and commerce; and that is to make production, supply, and marketing coordinate with each other and integrate with the operating mechanism of state-owned large and medium enterprises. These ideas were approved by the leaders of the provincial government. In the meantime, the provincial CPPCC committee and relevant departments of the

provincial government went to six cities and some counties and districts to conduct investigations on the insurance of staff members and workers of enterprises in towns and townships, and to form the "investigations and suggestions on the reform of the insurance system of enterprise staff members and workers in towns and townships." The provincial party committee and provincial government held that the suggestions were to the point; they instructed the relevant departments to further stipulate the opinions to perfect the social insurance system in accordance with the suggestions set forth. From June to December, we coordinated with the provincial committee for comprehensive management of public security to conduct investigations on the comprehensive management of public security, and posed the "six suggestions for the comprehensive management of public security in rural areas." We also organized members to participate in the work of some cities and units directly under the province to assess the comprehensive management of public security at the end of the year.

We conducted inspection activities, focusing on hot issues that the people were universally concerned about. In May, two vice chairmen led and organized members and various democratic parties to conduct inspections on the dangerous sections of the embankment of the Liao He before the flooding season, and the suggestions they posed were adopted by the relevant quarters of the provincial government. From late October to mid November, we organized our members and various democratic parties into six groups to inspect the endeavor of those areas stricken by calamities to provide for and help themselves by engaging in production and to make arrangements for the life of the masses in cities and counties such as Shenyang, Fushun, Liaoyang, and Taian. They also made inspections on drawing in foreign capital, on the implementation of the policy of family planning, on the prices of basic daily necessities, on the comprehensive administration of public security, and on carrying out the policies concerning religion and real estate. The suggestions we made were highly valued by the party committees of the province and of the relevant cities and counties, the leaders of the government, and relevant departments.

We developed investigations and studies with a focus on the spiritual civilization. We organized members to conduct investigations on the chaotic phenomena emerging in Liaoning's culture market for a period, and formed the suggestion of "clearing up the culture market," which was adopted by the relevant departments of the provincial government. After the issue of the "implementation outline for patriotic education," the provincial CPPCC committee, together with the provincial party committee's propaganda department and the united front department, organized members and various democratic parties to convene a forum on patriotic education and called for the attention of people from all walks of life. The year 1994 was the centenary of the Sino-Japanese War of 1894-1895. Integrated with carrying out the "implementation outline for patriotism

education," the provincial CPPCC committee convened one after another a commemorating meeting for the centenary of the Sino-Japanese War of 1894-1895 and a discussion meeting on the lessons of the Sino-Japanese War of 1894-1895. Gu Jinchu, secretary of the party committee, and Wen Shizhen, vice governor, wrote a letter and a message of congratulation. We also published the "Charts and Records of the Sino-Japanese War of 1894-1895," which had an extensive influence on society. In the work of collecting the historical records of past events, basing ourselves on the idea of providing service to the socialist modernization drive as well as the spiritual civilization, we edited and published "The Patriot—Ning Wu," "The Marriage and Funeral Conventions of Liaoning's Minority Nationalities," and "Wu Junsheng—A Formidable Man in Northeast China." All these books had a certain social influence.

4. We promoted contacts with people from home and abroad, and actively provided service to the reunification of the motherland as well as economic construction.

Maintaining a relationship to promote the reunification of the motherland, and contacting the outside world in a nongovernmental manner, were of great importance in bringing into play the CPPCC committee's advantages and in increasing our influence at home and abroad. The provincial party committee developed activities to maintain the relationship between people from home and abroad through multi-channels, multi-forms, and multi-layers; helped them to communicate their feelings; increased their mutual understanding; and promoted exchanges between them. The provincial party committee played an active role in enhancing the reunification of the motherland and in promoting Liaoning's economic construction.

We further expanded the friendly association with the outside world. In October 1994, Sun Qi, chairman of the provincial CPPCC committee, led a 10-person goodwill mission to visit Kyongki Province in the ROK. They met with important officials, contacted the heads of financial groups, increased mutual understanding, and promoted Liaoning's influence in the outside world. The person in charge from the provincial committee of the China Democratic League went with the Liaoning goodwill mission to Toyama Prefecture in Japan; the person in charge from the provincial association of industry and commerce attended the celebration meeting held in Shenyang on the 10th anniversary of the establishment of friendly relations between Liaoning Province and Toyama Prefecture. The provincial CPPCC committee has conducted friendly associations with the four general consulates stationed in Shenyang many times. We received 60-odd friends from six countries in 1994, a year in which we received foreign friends in a fairly large number and with a fairly high frequency.

We actively promoted economic and cultural exchanges and cooperation between people at home and abroad. In 1994, we invited and received 77 compatriots from

Taiwan, Hong Kong, and Macao; overseas Chinese; foreign friends; and Chinese with foreign nationalities. Most had the intention of conducting economic cooperation and exchange with us. The major person in charge from the provincial CPPCC committee met with economic or cultural inspection groups one after another, such as Taiwan's Dacheng and Changcheng Groups; the representative group of the consultative conference from Balin; and social activist Anna Chennault, an American-nationality Chinese. Through building relationships and receiving guests, we assisted the compatriots from Taiwan, Hong Kong, and Macao; overseas Chinese; and foreign friends to understand our national as well as provincial situation. More than 100 persons came to discuss the introduction of capital. We transmitted and enhanced 20-odd outside-the-border economic and cultural cooperation projects to the economic departments of the province and cities. Economic and social efficiency was achieved.

We adjusted and strengthened the work of the group of the members from Hong Kong and Macao, further bringing into play the collective function of the members from Hong Kong. We invited Chen Shoutong, a provincial CPPCC member from Hong Kong, to make a report on the situation of Hong Kong to 300-odd members of provincial and city CPPCC members. He clearly stated the determination and confidence of the members from Hong Kong to maintain the prosperity and stability of Hong Kong, and he assisted the members participating in the meeting to understand the situation of Hong Kong in an effort to improve their participating in and discussing political and government affairs.

5. We strengthened the work of making motions and brought into play the function of motions in performing the CPPCC committee's function and power.

The making of motions in the CPPCC committee is an important form for the units and individuals participating in the CPPCC committee to perform their functions of political consultation, democratic supervision, participation in and discussion of political and government affairs, and exercise of democratic rights; it is also an important means for the endeavor of participating in and discussing political and government affairs to yield real results. In 1994, the provincial CPPCC committee improved its leadership over the work of making motions; attached importance to cooperating with the relevant departments of the party and government; conscientiously carried out the spirit of the national CPPCC committee's third forum on the work of making motions; improved the quality of making and handling motions through various ways; and achieved new headway in the work of making motions.

We paid attention to the quality of making motions. We organized members and democratic parties to focus on reform, opening up, economic construction, and the issues the people were universally concerned about in order to make motions with expositions of situations, analyses, and resolutions. Most of the motions made by

various parties concerned significant issues and underwent fairly full investigations and assessments, and provided important support for the policymaking of party and government departments. For example, some specific suggestions made by the provincial committee of the China Democratic League concerning the regional economy and the strategy for Liaoning's economic development were brought into the "1996-2010 Liaoning's Thoughts on Economic Development" by the provincial government. The suggestions made by the provincial committee of the Jiusan Society on accelerating the project of diverting water from north to south in the northeast region were taken by the provincial party committee and provincial government as an important measure to resolve the problem of the shortage of water sources. The provincial party committee and provincial government submitted the suggestions to the State Council to be examined and commented upon, and began early-stage preparation work.

We paid attention to the real results of making and handling motions. The CPPCC committee's department for making motions actively coordinated with the responsible units to jointly handle cases, to handle cases on the spot, and to handle cases through consultation. The departments for making motions also achieved success in information feedback and in urging the handling of cases. In 1994 we received 439 motions, with 430 being placed on file for investigation. Through the conscientious handling of the responsible units, the motions which were adopted and planned to be gradually resolved accounted for two thirds. Making motions played an important role in our performing the function of the CPPCC committee.

6. We maintained close contact with the city and county CPPCC committees, and strengthened their guidance and coordination.

In 1994, the provincial CPPCC committee, in accordance with the requirements of the CPPCC constitution, strengthened the guidance over the work of city and county CPPCC committees as well as promoted the development of the CPPCC work.

We insisted that the all comrades in charge of CPPCC committees should attend the Standing Committee meetings of the provincial CPPCC committee as non-voting delegates to jointly study the work of the CPPCC committee. We insisted that the chairman and vice chairmen should conscientiously listen to the work reports by and opinions of the city CPPCC committees' comrades in charge when the chairman and vice chairmen make city inspections. We insisted the special committees of the provincial and city CPPCC committees should coordinate with each other to conduct joint investigations on issues that attracted common attention. We continued to hold the study group of the cadres of city and county (district) CPPCC committees. We convened the meetings of the secretaries-general of the city CPPCC committees to communicate with each other

and exchange experiences. We convened the meeting on information work to find out how to improve the CPPCC committee's information work and quality of writing. All these were supported by city CPPCC committees.

In 1994, the Liaoning Provincial CPPCC Committee sponsored the meeting on contacting CPPCC committees in the three provinces in northeast China and the one autonomous region; held a commemorating meeting celebrating the 45th anniversary of the establishment of the CPPCC committee; and received the inspection group of national CPPCC members.

In accordance with the spirit of the fourth plenary session of the 14th CPC Central Committee, we paid firm attention to organization building. We developed the work of assessing the reports of cadres and workers of the organizations, and integrated the assessment with the yearly summing-up of work. This played and active role in upgrading the quality of cadres and workers and in promoting work efficiency as well as service level.

Fellow deputies, after the convocation of the second meeting of the seventh provincial CPPCC committee, some headway was made in the work of the Standing Committee; however, there also existed some drawbacks and insufficiencies. They were: democratic supervision was still short of momentum, contacts with members was not close enough, and the standardization and systemization of the CPPCC work still needed to be further improved.

The Task of 1995

The year 1995 is the last one for the comprehensive accomplishment of the "Eighth Five-Year Plan" and is a year for us to lay a foundation for the "Ninth Five-Year Plan." All the tasks are arduous. The guiding thoughts for the provincial CPPCC committee's 1995 work are: we should take Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as the guideline; should comprehensively carry out the spirit of the 14th People's Congress as well as the third and fourth plenary sessions of the 14th Central Committee; should master the general task of "grasping opportunity, deepening reform, opening up wider, enhancing development, and maintaining stability"; should promote unity and cooperation with the various democratic parties and mass organizations; should insist on and perfect the system of multi-party cooperation and political consultation under the leadership of the CPC; should perform in a down-to-earth manner the function of "political consultation, democratic supervision, and participation in and discussion of the political and government affairs"; and make contributions to uniting the people of the various nationalities and from all walks of life in Liaoning, to accelerating the construction of the socialist market economy system as well as reform and opening up, to enhancing the comprehensive betterment of society, and to achieving the grand goal of "the second pioneering program."

1. We should study in depth Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics

and the spirit of the third and fourth plenary sessions of the 14th CPC Central Committee in order to promote the initiative of performing the function of the CPPCC committee.

Studying in depth Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is the current strategic task of people of the entire party and entire state. We should firmly keep in mind the reality of establishing the socialist market economy system and the reality of performing political consultation, democratic supervision, and participation in and discussion of political and government affairs; should conscientiously organize CPPCC members and cadres of CPPCC organizations to study Marxism-Leninism and Mao Zedong thoughts; and should study the "Selected Works of Deng Xiaoping," understand in a profound manner the spiritual substance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and make more efforts in grasping the scientific system as well as in integrating the theory with the reality.

We should actively participate in the mass discussion of "accelerating to enter the track of market economy," which is developing throughout the entire province. In accordance with the requirements of the provincial party committee, we should keep the reality of the work of the CPPCC committee in mind; work hard to study the theory of the socialist market economy; study the "CPC Central Committee's Resolutions on Some Issues Concerning the Establishment of the Socialist Market Economy"; firmly focus on the overall layout of the central authority, the provincial party committee, and the provincial government on this year's economic work; and conduct an in-depth discussion with the focus on the conspicuous problems which affect Liaoning's economic development and hinder Liaoning's entering the market economy as soon as possible. We should take further steps to emancipate our mind, promote an awareness of the market economy and the concept of reform and opening up, and contribute our efforts to make Liaoning's economy prosperous.

It is imperative to continue to improve our study and research on the theory of the united front and the CPPCC committee. We should conscientiously study and carry out the "CPC Central Committee's Opinions on Insisting On and Perfecting the System of Multi-Party Cooperation and Political Consultation Under the Leadership of the CPC," the "CPPCC Constitution," and the "National CPPCC Committee's Regulations on Political Consultation, Democratic Supervision, and Participation In and Discussion of Political and Government Affairs"; deepen the people's understanding of the nature, status, and function of the CPPCC committee; strengthen the sense of responsibility to achieve success in the work of the united front and the work of the CPPCC committee; and increase the initiative of political consultation, democratic supervision, and participation in and discussion of political and government affairs.

2. We should focus on the central task of the party and government to participate in and discuss political and government affairs, and should bring into play the CPPCC committee's function in economic construction.

In the new year, we should conscientiously carry out the "National CPPCC Committee's Regulations on Political Consultation, Democratic Supervision, and Participation In and Discussion of Political and Government Affairs" and further standardize and systemize the work of the CPPCC committee. We should firmly focus on the central task of the party and government, and conscientiously perform the function of political consultation, democratic supervision, and participation in and discussion of political and government affairs.

We should continue to conduct investigations and studies as well as make suggestions, focusing on economic construction. We should promote agriculture's role as the foundation; optimize the economic structure; achieve success in the building of state-owned large and medium enterprises; arrange important issues such as the "Ninth Five-Year Plan," education, the building of the socialist spiritual civilization, and social stability; choose topics to conduct in-depth investigation and study; convene regular meetings to conduct consultations and discussion; make suggestions; and make contributions to enhancing Liaoning's economic and social development.

We should continue to achieve success in the inspection activities of CPC members. In accordance with the principle of "keeping the scale small, topics special, and results real," we should go down to the grassroots; understand the social situation and the will of the people; and promptly pose opinions, suggestions, and motions to the party and government. When we hold inspection activities, we should continue to inspect both near localities and other localities. The inspection activities of the members living in Shenyang should be listed in the work schedule of special committees and arranged in a timely manner.

We should continue to achieve success in soliciting, handling, and implementing motions. It is imperative to carry out in a profound manner the spirit of the forum of the national CPPCC committee on the work of making motions, which is to emphasize improving the quality of making motions, upgrading the way of handling cases, and promoting the level of handling cases. We should take a further step to achieve success in the work of making motions of the democratic parties, the relevant mass organizations, and special committees; strengthen communication, contact, and coordination with the relevant departments of the party and government; and improve the supervision and examination of responsible units for motions.

We should continue to achieve success in collecting, arranging, and compiling the historical record of past events. In doing this, we should particularly emphasize the theme of patriotism; manifest the characteristics of the united front; realize and conform to social benefits;

enhance people at home and abroad to understand Liaoning; further promote our influence to our state and other countries; and provide a service to the economy.

3. We should strengthen the building of socialist democratic politics and safeguard social and political stability.

Strengthening the building of socialist democratic politics is one of the important contents of the CPPCC committee's performing the function of political consultation, democratic supervision, and participation in and discussion of political and government affairs.

We should unite the various democratic parties, mass organizations, and people of all nationalities and all walks of life to go deep down to the grassroots; understand the social situation and will of the people; assist the party and government to coordinate relationships, communicate thoughts, remove contradictions, and improve consensus; and do more work to safeguard the social and political stability.

We should participate in the discussion and revision of the important local regulations in a selective manner, and be a good adviser and achieve success in the work of consultation for local legislation. It is imperative to conduct democratic supervision of the implementation of important laws and regulations; to promptly pose opinions and suggestions to the party and government; and to enhance the laws and regulations to be implemented in a better manner.

We should conscientiously explore the laws of the nationality and religion work, study their characteristics, and sum up new experiences. It is imperative to further strengthen the contract and association with the people of various nationalities and from religious fields, and to organize them to suggest and contribute to Liaoning's economic development and social stability.

4. We should broaden the channel of maintaining relationships with people at home and abroad, and contribute to the unity and prosperity of the state and economic development.

It is imperative to bring into play the advantage of the CPPCC committee and broaden the channels of maintaining relationships with people at home and abroad. We should conscientiously study and carry out the spirit of the important speech by Jiang Zemin, general secretary of the CPC Central Committee and chairman of the state, on "continuing to fight to enhance the accomplishment of the grand cause of the reunification of the motherland," which was delivered by the spring festival; we should bring into play the advantage of the extensive association of CPPCC members. It is imperative to accord with the guideline of "peaceful reunification" and "one country, two systems" in order to continue to strengthen the association with people from Taiwan, Hong Kong, and Macao as well as persons from overseas; to promote exchange and cooperation with people from all kinds of fields; and to make contributions to the

stable transition of Hong Kong and Macao as well as to development between the two sides of the Strait.

We should achieve success in our propaganda to the outside world and the introduction of capital. We should mobilize the members of the provincial CPPCC committee to publicize the nature, status, and function of the CPPCC committee through various channels and forms, and should publicize Liaoning's achievement in opening up to the outside world and Liaoning's investment environment, and its investment policies, so we can make the outside world understand the situation of our state and province as well as promote friendship and kinship in an effort to increase the influence of the CPPCC committee. It is imperative to increase our attraction to compatriots in Taiwan, Hong Kong, and Macao; overseas Chinese; and foreign friends. We should develop the endeavor to draw in capital and do more to develop Liaoning's export-oriented economy.

We should further bring into play the function of provincial CPPCC members from Hong Kong and Macao. It is imperative to strengthen the contact with members from Hong Kong and Macao. Through their efforts to maintain a relationship and through their publicity, we can encourage and mobilize more compatriots residing in Hong Kong and Macao to do more substantial work to develop the inland economy, and to try their best to maintain the prosperity, stability, and stable transition of Hong Kong and Macao.

It is imperative to actively develop the nongovernmental association with the outside world, extensively make friends, promote understanding, expand exchange, and enhance cooperation.

5. We should strengthen contacts with and guidance to city and county CPPCC committees, and should promote the work of the CPPCC committee to be further developed.

We should insist on communication and contact between the provincial and city CPPCC committees. In order to further sum up the experiences of CPPCC work, within this year we will convene a meeting to exchange the work experiences of city and county CPPCC committees.

We should continue to achieve success in holding the study group of the cadres from city and county (district) CPPCC committees. It is imperative to systematically study the theories of the united front and the CPPCC committee, to deeply study the new situations and new problems the CPPCC work confronts in the new period, and to discuss the methods and ways to achieve success in the CPPCC work.

The information network of city and county CPPCC committees should be strengthened, and the information exchange between the provincial, city, and county CPPCC committees should be promoted. We should achieve success in running the journal of the CPPCC committee, and should do a good job in the study of, exchange of, and

guidance to the theory of the united front and the theory of the CPPCC committee in the new period.

The function of YOU BAO should be further brought into play. We should promote the quality of YOU BAO in an effort to make it an important front where the CPPCC committee communicates with and contacts the democratic parties and mass organizations, exchange the experiences of CPPCC work, express opinions and suggestions of CPPCC members, achieve success in propaganda to the outside world, and guide the CPPCC work of the grassroots.

6. We should continue to strengthen the construction of CPPCC organizations, and should work hard to increase work efficiency and service quality.

Promoting the construction of CPPCC organizations is indispensable to accomplishing the CPPCC work in the new period. We should do a good job in ideological building, employ Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to arm the minds of the cadres, and train the cadres of CPPCC organizations to ardently love the CPPCC committee and ardently love their own work. We should do a good job in organization building. We should base ourselves on the principle of "simplicity, unity, and efficiency"; we should further achieve success in organizational reform inside CPPCC organizations as well as in the work of fixing functions, number, and the size of organizations. In accordance with the standard and condition of the "four requirements" on cadres, we should further facilitate the assignment of cadres to special committees, all departments, and all offices. It is imperative to achieve success in style building. We should further promote the quality and efficiency of cadres of organizations, strengthen the CPPCC organizations' awareness of service, and really make the organizations the "home of the members." It is imperative to achieve success in system building. We should accord with the revised CPPCC constitution to conduct an appropriate revision, adjustment, and supplement to the current regulations and systems.

Fellow members and comrades: 1995 is the key year for Liaoning's reform and construction, and is also a year full of hope. Let us closely rally together around the party Central Committee, whose core is Comrade Jiang Zemin, and let us, under the leadership of the Liaoning Provincial CPC Committee, conscientiously perform the function of political consultation, democratic supervision, and participation in and discussion of political and government affairs. Let us insist on taking economic construction as the core; safeguard the general task of reform, development, and stability; and make new contributions to promoting Liaoning's economy to develop continuously, speedily, and healthily, enhancing society to make progress in an overall manner and realizing the grand goal of the "second pioneering project."

Northwest Region

*Article Views 1994 Qinghai Development Projects

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5 Jan 95 p 1

[Article by staff reporter Xu Fei (6079 7378): "Initial Successes In Qinghai's Development of Natural Resources; Last Year, 11 Projects Completed With Value of 2.7 Billion"]

[FBIS Translated Text] On New Year's Eve of 1995, this reporter interviewed the deputy director of the Qinghai Planning Commission, Comrade Xue Zheng [5641 2398], concerning the exploitation of resources in the past year. He informed me that the exploitation of resources has always been a focal point of our province's economic work, and in 1994, the provincial party committee and government were firmly determined to concentrate input on exploiting resources in keeping with the principle of "carry out reform and opening, handle poverty to obtain prosperity, exploit resources for a booming Qinghai". There were significant results from this. By year's end we had invested \$270 million yuan in 25 ongoing construction projects among 38 arranged resource exploitation projects, 13 projects commenced operation, and so far have laid the basis for 11 other projects. The accomplishment of these projects is of considerable significance in developing the economy of Qinghai province.

Last year, in order to improve the external environment and provide a solid foundation for resource exploitation, the province invested heavily in the corresponding infrastructure. At present, we have completed five bridges, including the Pingan Shang Tanhuang Shui bridge, the Cuma He bridge, and the Dulanreshui Casu bridge, as well as finishing 28 km of blacktop road surfacing from south of Heca Mountain to Xinhai County. This construction has not only greatly improved the external environment of these areas, but also strengthened communication with the outside. Construction of hydroelectric facilities has also attracted people's attention, with the completion of the Yushu Chenduo County hydroelectric station and the Guoluo Manma County Jika hydroelectric station. Also under construction are the three hydroelectric stations of Banma Renqinguo, Xunhua Hedahe, and Yushu Zhiduo Tongka, with a total investment of nearly 70 million yuan. The completion of these hydroelectric stations will ease the shortage of power for use by local industry, agriculture, and cities. In addition, in order to resolve resource exploitation in the Leng Lake area, the Leng Lake diesel oil power plant was built in September 1994 and has gone into production.

Each prefecture in Qinghai has also accelerated its exploitation of resources according to the party committee's plan and their own specific situations. At present, completed projects are steadily beginning to come on line, with very significant improvements in economic

and social efficiency. The No. 2 gold mining barge in Banma County, and the Chengduo County No. 2 gold mining barge have both been built and have gone into production, furthering minority economic development in the area of southern Qinghai and increasing local financial income. The Qinghai potash fertilizer plant has built a 150,000 ton sulfuric acid potash producing facility which has produced nearly 1,000 tons of first-class product with a grade of over 45 percent, and market demand exceeds the supply. Meanwhile, township enterprises in each locality have done very well in such resource exploitation projects as metal sodium, ferrosilicon, carborundum, concrete, etc., by relying on their own rapid and flexible superiority. Worthy of mention is the Datong County Yuan Suo Town concrete plant with an annual production of 88,000 tons of concrete. Its construction was completed recently, and it has ignited the fire for its trial operation.

Xue Zheng told this reporter that last year's newly increased production capacities included: 150,000 tons of raw coal, 5,150 kw of capacity, while gold increased 43.96 percent in 1993, which accomplished the state plan with 51.1 percent extra. There were 30,000 cubic meters of granite board material produced and also 28 km of third-class oil road, a 480-channel microwave telecommunications line, and nine satellite communication stations. Finally he said that this year Qinghai will continue to increase the force of this exploitation, arranging 28 resource exploitation projects, with a total investment of 430 million yuan. In addition, there will be more breakthroughs in winning more cooperation, cooperative exploitation of joint venture projects, and the attraction of more foreign capital. Given last year and the earlier foundation, this year's prospects for Qinghai's exploitation work are bright.

Ministry Opposes Intended U.S. Revision of Act
OW1204062195 Taipei CHUNG-KUO SHIH-PAO in Chinese 7 Apr 95 p 4

[FBIS Translated Text] An official of the Ministry of Foreign Affairs pointed out yesterday [6 April]: At present, our representative office in the United States is not promoting the campaign of U.S. congressmen revising the "Taiwan Relations Act" [TRA]. Meanwhile, the Ministry is opposed to revising the Act at this moment.

In view of the fact that a TRA amendment was re-introduced to the U.S. Congress recently, the official yesterday expressed the aforementioned viewpoint from the standpoint of the Ministry of Foreign Affairs.

The official said: When the Immigration and Naturalization Bill was discussed at the U.S. Congress last year, a TRA amendment was introduced to include in the Act such matters as allowing our high-ranking officials to visit the United States; however, the U.S. executive branch maintained that diplomacy was within its jurisdiction. The official said resolutions of this kind not only had no substantial effect, but could easily enrage the officials of the executive branch.

The official added that even if the TRA was amended, such an amendment would be of no substantial significance without the executive's cooperation.

As to whether the TRA amendment introduced by some of the U.S. congressmen was a result of the work done by a Taiwan-retained U.S. lobbying firm, the official said: Rep. Robert G. Torricelli pays close attention to the human rights bill and has supported the U.S.-based "Formosa Association of Public Affairs" (FAPA), therefore his supportive stance toward Taiwan is very clear.

Taipei Reports Death of Chen Yun

OW1204014095 Taipei CNA in English 0121 GMT 12 Apr 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, April 11 (CNA)—Chen Yun, leader of the conservative faction of the Chinese Communist Party, died Monday [10 April] of an illness at 90.

The Information Office of the Chinese Mainland's State Council confirmed Chen's death in a terse statement Tuesday. It said an obituary for Chen, who devoted his life to continuation of the mainland's centrally planned economy, will be released later.

Local mainland affairs experts believe his death has substantially lowered the possibility of a drastic change in ongoing reforms in the post-Deng Xiaoping era.

"His passing has drastically reduced the possibility that present economic reforms may be turned upside down once Deng dies," an observer replied when asked to comment on the report.

Chen and Deng, the observer pointed out, did not agree on the implementation of economic reforms even though they both believed there was a need to reform.

Chen's death has to a great extent removed the challenges the Deng-initiated reform may have faced, the observer maintained.

Chen is most noted for his "bird cage economy" theory, under which the bird is likened to the economy while the cage is the government. He claimed that the Chinese Mainland is so large and populous that its economy must not be developed freely. Just as a bird, if not properly controlled, will fly away, he said. However, he added, the bird must be allowed to fly within the cage and not grasped in the hand or it will die.

Born in 1905 into a poor farmer's family in Shanghai, Chen ended his education after primary school. He joined the Chinese Communist Party in 1925 and rose to become a member of the Political Bureau in 1934.

Chen began to handle economic affairs early 1940s. After the Chinese communists took power on the mainland, he was appointed vice premier and concurrently director of a committee in charge of the mainland's finance and economic affairs.

Under his charge, the nearly bankrupt mainland economy was set in order, and the private economy was changed into a socialist system.

Like Deng, Chen was disgraced during the Cultural Revolution (1966-76). Chen was stripped of all party positions but remained a member of the Central Committee.

Chen staged a comeback in 1978 with Deng, nudging out Hua Guofeng, chairman Mao Zedong's heir apparent. He emerged as a standing member of the Political Bureau and retired, together with the rest of the party's "second echelon," in 1992.

Chen influenced a large number of party cadres, many of whom are opposed to Deng's economic reforms. His followers are believed to be an uncertain factor in the post-Deng period.

Agency Hosts Forum for Cross-Strait Officials

OW1204050095 Taipei CNA in English 0112 GMT 12 Apr 95

[By Debbie Kuo]

[FBIS Transcribed Text] Kaohsiung, April 11 (CNA)—Top Republic of China [ROC] officials Tuesday [11 April] reminded Beijing of the ROC's equal political status and urged communist leaders to cease blocking Taiwan's efforts to play a greater international role.

At a forum hosted by the Taipei-based CENTRAL NEWS AGENCY, Su Chi, vice chairman of the Mainland Affairs Council (MAC), said Beijing authorities should appreciate the goodwill shown in President Li

Teng-hui's speech on cross-Taiwan Strait relations last week. Li said that Taiwan is willing to provide its technical know-how and development experience to help improve agriculture and the life of farmers on the mainland.

Li made the remarks during an address to the National Unification Council on April 8, formally responding to mainland President Jiang Zemin's eight-point proposal on improving cross-strait ties.

Su pointed out that the Beijing authorities should also recognize that both Taiwan and the mainland should be members of international organizations on an equal footing and leaders from both sides of the strait should be able to meet at international occasions.

Lin Bi-chao, deputy secretary-general of the National Security Council who also spoke at the forum, said President Li's six-point response to Jiang's proposal was a declaration that both sides should take positive steps to create a harmonious atmosphere and favorable climate for eventual unification.

Lin urged the Beijing authorities to react quickly and reasonably to President Li's proposal, saying that a laggard and inefficient response from the mainland may cool the warmth from Taiwan.

He judged Jiang Zemin's eight-point proposal as "superficially friendly," saying that it went counter to what Beijing has done in trying to block Taiwan from the world stage. As a matter of fact, he said, Beijing is strengthening its international boycott of the island.

President Lin Chi-yuan of National Sun Yat-sen University suggested that Taiwan and the mainland take a step-by-step approach toward unification by initiating exchanges between provinces, cities and gradually expanding the scale.

Chang Chun-hung, a legislator from the opposition Democratic Progressive Party, approved of President Li's six-point response to Jiang Zemin, saying that Li's remarks were sincere and friendly.

Chang, nevertheless, pointed out that it is unrealistic to expect Beijing to treat Taipei as an equal political entity at present. But if Taiwan stalls cross-strait talks because of disputes over the sovereignty issue, Taiwan will eventually lose its advantage in the negotiations, he warned.

Minister Views Trade Surplus With Mainland

*OW1204120295 Taipei CNA in English 0916 GMT
12 Apr 95*

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, April 12 (CNA)—Taiwan's external trade would be crippled by a military attack from Beijing, Economic Affairs Minister P.K. Chiang said Wednesday.

Chiang said Taiwan has a trade surplus of US\$12 billion with Mainland China last year as well as a total trade surplus of US\$7.7 billion. Mainland China contributed greatly to Taiwan's huge trade surplus, he noted.

With such a high level of trade dependence on the mainland, any military move by Beijing would have an impact on average incomes in Taiwan.

Chiang made the remarks in response to a question by legislator Hsu Tien-tsai. Hsu asked Chiang what would happen to Taiwan's economy if the mainland attacked.

Meanwhile, Chiang said Taiwan will make an all-out effort to complete bilateral talks with countries concerned in order to smoothly join the Geneva-based World Trade Organization (WTO) by the end of June.

When asked by legislator Chiu Chuei-chen about Taiwan's progress in joining the WTO, Chiang said Taiwan's bid and Mainland China's bid for membership should be separate.

Some 100 bilateral consultations have been held with WTO contracting parties, Chiang said, adding that the government must protect farmers' rights and interests and cannot easily give in to foreign demands just to speed the membership process, Chiang explained.

Li Calls For Establishment of Security Fund

*OW1204122495 Taipei CNA in English 0934 GMT
12 Apr 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, April 12 (CNA)—President Li Teng-hui Wednesday called for establishment of an Asia-Pacific security guarantee fund to promote regional economic cooperation and reduce potential threats to collective security.

In a written message to the opening session of an international seminar on Asia-Pacific collective security in post-Cold War era, Li said all countries in the region should be given an equal right to take part in the regional collective security system.

The creation of a collective security system will lay a framework for multilateral dialogue on defense plans and related security affairs, Li said.

"Multilateral dialogue can help make each country's military build-up plans more transparent and thus reduce the possibility of military conflicts in the region," he explained.

Li further said he hopes the establishment of a regional security guarantee fund will push countries in the region to cut military budget and thus benefit regional economic development.

Noting that the concept of national security has changed fundamentally following the end of the Cold War, Li said military force alone can no longer ensure a country's

security. According to the new international concept, he said, both political democratization and economic development are as important as military force in protecting a country's security and well-being.

"I hope leaders of some Asia-Pacific countries will adjust their concepts and discontinue putting too much emphasis on military build-up," Li said.

He pointed out that three factors have hindered establishment of a collective security system in the Asia-Pacific: Different levels of economic development among countries in the region; problems that arose during the Cold War era have not been resolved; and different social values resulting from racial and cultural diversity.

Against this background, Li said, government leaders in the region should use innovative thinking to work out feasible ways and strategies to develop a comprehensive collective security system.

Li said he hopes the proposed Asia-Pacific collective security system will be established on following principles: Respect for democracy and human rights; negotiation instead of military confrontation; promotion of market economy; strengthening of regional cooperation in various fields; and popularization of the idea of "gemeinschaft" [spontaneous sense of community] to boost global cooperation.

Noting that Taiwan is located at a strategic point in the Asia-Pacific, Li said the Republic of China [ROC] government has for years played an active role in promoting peace and prosperity in the region through economic assistance, direct investment and technological cooperation.

"We are also willing to assist in the establishment of a collective security system in the region," Li said, adding he hopes all national leaders in the region will be open-minded and adopt a pragmatic approach to develop a collective security system that will be able to protect basic human rights, dignity and well-being of all people in the region.

More than 40 local and foreign scholars are attending the conference being held at Taipei's Grand Hotel. The April 12-14 meeting is jointly sponsored by Taipei-based Institute for National Policy Research and Italy's International School on Disarmament and Research on Conflicts. Foreign academics come from the United States, Sweden, Britain, Canada, Japan, Australia and the Association of Southeast Asian Nations.

Leaders Refute Criticism by 'Disgruntled' Members

OW1204044195 Taipei CNA in English 0205 GMT
12 Apr 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, April 11 (CNA)—High ranking Kuomintang [KMT] officials Tuesday [11 April] refuted criticism by a group of disgruntled party members who fired a salvo at the KMT leadership.

"It is already an undeniable fact that in the party, democratic procedures have already begun. The KMT chairman was elected and half of the members of the Central Standing Committee were also voted into office. All this has never been seen before," said an angry Hsu Shui-te, secretary-general of the KMT Central Committee.

He gave a list of nominees with a "fresh image" who were selected by the KMT to run in county and mayoral elections late last year. Some failed in the polls. He said the party knew from the very beginning that the KMT would lose some seats if these nominees, rather than those backed by local factions and businesses, were chosen.

"That is the realization of the party trying to ward off the influence of money politics and local political factions," Hsu pointed out.

Vice Secretary-General James Chu lashed out at the group, saying such criticism, some of which was leveled at KMT Chairman and ROC President Li Teng-hui, is intolerable for any individual not to mention to the head of state.

"The move is a betrayal of democratic rules and they are the ones who are not qualified to tout for democracy," Chu said.

He said Li's political performance has been widely acclaimed in the international community. The achievements are also those of the 21 million people on the island. "Attacking Li is tantamount to attacking the 21 million people here," Chu asserted.

He urged the group "not to destroy the party and the nation only because of an opposition to Li or for one's own political interests."

A group of KMT members who call themselves co-founders of the "Save the KMT Reform Committee" issued a "party-saving declaration" during a news conference Tuesday. The declaration calls for concerted efforts among loyal and orthodox members to push for reforms, the implementation of democratic procedures within the party, the resumption of a party supervision system and steps to make party affairs known to the world.

The group, led by Sun An-ti, a KMT central committee member, also distributed copies of a photo showing a kimono-clad Li.

Legislative Yuan Approves Salary Plan

OW1204114995 Taipei CNA in English 0945 GMT
12 Apr 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, April 12 (CNA)—With a strong push by ruling Kuomintang legislators, the Legislative Yuan Wednesday approved a salary plan for the president of the Republic of China [ROC].

In a joint budget screening session, legislators from the opposition Democratic Progressive Party (DPP) tried to abort the presidential salary plan or force a substantial cut.

DPP legislator Lin Chuo-shui said the president's annual salary, some NT [new Taiwan] \$10.76 million (US\$420,000), should at least be cut to US\$200,000, the same pay earned by the president of the United States.

Chen Ting-nan, also from the DPP camp, demanded the presidential salary be cut to about NT\$486,000 (US\$19,363) a month, saying that except for emperors and kings, all heads of modern democratic countries have modest salaries.

Defending the payment plan, presidential secretary-general Wu Poh-hsiung said he admitted that although the ROC president earns more than leaders of most other democratic nations, it is much lower than that of Singapore. Besides, he argued, many private business owners in Taiwan earn much more than president Li Teng-hui. "Lee's salary is not abnormally high," he asserted.

KMT legislator Wu Tung-sheng also defended for the presidential paycheck, saying that the current monthly pay is the result of a gradual increase over the last 40 years, from NT\$36,000 in 1955 to NT\$790,000 in 1994. It would be much higher if the salary was increased by a justifiable 6 percent annually, he said. "I would go for it even the salary were doubled," Wu added. [sentence as received]

Meanwhile, DPP legislators complained that there are too many advisers and consultants to the presidential office who are on the payroll but have no apparent benefit to the presidency.

Seminar Views Reversing ROK Trade Imbalance

*OW1204120795 Taipei CNA in English 0905 GMT
12 Apr 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, April 12 (CNA)—South Korea's trade surplus with Taiwan has grown since 1989 to become the second largest trade deficit for Taiwan last year, the Board of Foreign Trade [BOFT] said Wednesday.

Taiwan first posted a trade deficit with South Korea in 1989. The deficit grew to US\$1.15 billion in 1992, the same year the two countries severed diplomatic relations. Despite a ban on Korean car imports, the imbalance in favor of South Korea increased to US\$1.26 billion in 1993 and US\$1.27 in 1994, BOFT officials quoted customs tallies as saying.

The officials attributed the increase mainly to imbalanced trade promotion by the two sides. Taiwan has not posted a trade official in South Korea since 1992 and few Taiwan businesses ventured in to the market after diplomatic ties were cut. However, South Korea kept most of its trade officials in Taiwan after 1992 while private conglomerates continued their operations here.

BOFT convened a seminar Tuesday for representatives from industrial and business sectors as well as the private China External Trade Development Council (CETRA) to discuss tactics to reverse the imbalance.

The seminar called for CETRA to establish at least two offices each in Seoul and Pusan to help promote Taiwan products in the Korean market.

Representatives from the electronics and electrical engineering industries also urged CETRA to organize trade promotion missions to South Korea to further tap the market.

Chu Wei-cheng, a BOFT department director, however, was not so pessimistic about Taiwan's unfavorable situation. He said the trade imbalance in favor of South Korea will not continue over the long term, and that it will not evolve into a Taiwan-Japanese pattern of continuous growth.

Chu said two-way trade between Taiwan and South Korea has focused on the textile, electronic, steel and chemical industries, in which the two nations supply each other on complementary basis.

Guinea-Bissau Supports Taiwan's UN, WTO Bids

*OW1204122395 Taipei CNA in English 0839 GMT
12 Apr 95*

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, April 12 (CNA)—Guinea-Bissau Tuesday [11 April] promised to support Taiwan's bid to enter the United Nations and the World Trade Organization (WTO).

The pledge was made during the first meeting of the ROC [Republic of China] -Guinea Bissau Mixed Commission at the Foreign Ministry. ROC Foreign Affairs Minister Chien Fu and Guinea-Bissau Foreign Minister Ansumane Mane signed the minutes of the meeting on behalf of their respective countries.

In the minutes, the ROC promised to provide assistance and technical cooperation over the next five years in agriculture, health care, humanitarian aid, news media, technical training and national construction.

Later in the day, Chien decorated Mane with an Order of Brilliant Star with Grand Cordon in recognition of Mane's contributions to cooperative ties between the two countries. Chien lauded Mane as an outstanding diplomat and expressed admiration of Mane.

In return, Mane presented a Medal for Cooperation and Development Achievements to Chien to cite the efforts he has made in promoting ROC-Guinea-Bissau ties. Mane also thanked the ROC Government and people for extending such an honor.

The signing and presentation ceremonies came in the middle of a week-long visit to Taiwan by Guinea-Bissau President Joao Bernardo Vieira.

The West African country forged diplomatic links with the ROC in May 1990. The two countries signed an economic and technical cooperation agreement on October 12, 1990 and agreed to periodically hold ROC-Guinea-Bissau Mixed Commission meetings.

This is Vieira's second Taiwan visit. Vieira and Mane are scheduled to leave Thursday.

Ministry Approves Netherlands Bank's Office

OW1204045995 Taipei CNA in English 0136 GMT
12 Apr 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, April 11 (CNA)—The Finance Ministry's monetary affairs bureau Thursday [as received—13 April] approved an application by Rabobank Nederland to establish a representative office in Taiwan.

Rabobank Nederland, following in the steps of the ABN-Amro Bank and the Internationale Nederlanden Bank N.V., is the third Dutch bank given the green light to set up a stronghold here.

According to statistics released by INSTITUTIONAL INVESTOR magazine, Rabobank Nederland was Holland's second-largest bank in 1993 and the 49th-largest bank in the world in terms of total assets.

*Article Views Developments in China Policy

95CM0177A Taipei TZULI WANPAO in Chinese
7 Feb 95 p 2

[Article by staff reporter Ch'en Wei-hsin (7115 4850 2450): "The Bottom Line on Beijing's 'One China' Taiwan Policy"]

[FBIS Translated Text] Since the Spring Festival of this year, analysis of "Jiang's eight points" speech has become a major topic in Taiwan's political life. A first impression of the information sent across in "Jiang's eight points" is that "one China" has become Beijing's basic principle for the nineties in handling the post-Deng cross-straits relationship and the bottom line of Beijing's Taiwan policy. But the problems and disputes relative to "one China" are also the weakest link in Taipei's mainland policy; if we go along with Beijing's "one China" framework, no matter how much Taipei's mainland policy may change, it will be just like the Monkey King

who could not get out of the monk Rulai's palm. This is a key point Taipei must handle in responding to "Jiang's eight points".

In fact, the "one China" principle can be said to be at the core of "Jiang's eight points" article. Jiang Zemin has from the start emphasized that "adherence to the one China principle is the foundation and precondition for achieving peace and unity." The shadow of one China can be seen everywhere; in other words, the significance of "one China" has become the absolute bottom line of Beijing's post-Deng Taiwan policy. In recent years, Beijing has repeated "one China" on many occasions, and one important reason for this is the steadily rising independence sentiment inside Taiwan and questions concerning Li Tenghui's mainland policy. For the past year, Beijing has ceased saying that "one China means the People's Republic of China, and Taiwan is a province" as Jiang Zemin did at the Asia-Pacific Economic Cooperation meeting in Seattle the year before last, and Beijing is reluctant to acknowledge the fact of separation across the straits. However, "Jiang's eight points" article fully reflected this fact, and it is generally recognized that as long as Beijing cannot find a way to break through this ideology, it will be difficult to achieve any real improvement in the cross-straits relationship.

Now, Jiang Zemin has fixed "one China" as its core strategy toward Taiwan in the post-Deng era, holding that only under the "one China" principle can the two sides end their conflict and hold talks. Also, only under the principle of "one China" can Beijing stop objecting to Taiwan's cultivation of "non-governmental economic and cultural relationships" and affirm that "Chinese will not attack Chinese". Of course, the so-called "Li-Jiang talks" must also be conducted within the "one China" framework. Generally speaking, the stress on "one China" in "Jiang's eight points" is a beautiful wrapping for "one China, two systems." Looked at from this angle, although "Jiang's eight points" are well-intentioned, still, without new content, it can only be concluded that Beijing will use the "one China" policy more flexibly in the future.

Turning now to Taipei, we see that "one China" is the thing Taipei hates the most. It is still remembered that at the Seattle APEC meeting, Chiang Ping-k'un [3068 0014 2492] and Ch'ien Fu [6929 1788] each noted separately the "transitional two China policy" and "avoided mention of one China", thereby setting off a major disagreement. The political space contained in the "one China" question is not only sensitive but also complex for Taipei, with every party and politician offering their own explanation; it is wrong to discuss it and wrong not to discuss it. Even the explanation made by the National Unification Conference in August 1992, was no more than a criticism of Beijing's "one China two systems"; it stressed the current cross-straits situation, but a position on the "one China" policy is not very clear so far.

In the two cross-straits committee meetings held over the last two years in Hong Kong, the negotiations finally

concluded with the question of "one China" not being listed in the communique and the registered letter of inquiry, but rather ended with the two sides "agreeing to disagree." This was done to help get the Gu-Wang talks held. In our opinion, "agreeing to disagree" is a worthy model for Taipei to refer to in its response to "Jiang's eight points".

***Editorial Views Beijing's 'One China' Stand**

95CM0177B Taipei TZULI WANPAO in Chinese
5 Feb 95 p 2

[Editorial: "Having Sincerity As Well As The Intent to Dominate—A Comment on Jiang Zemin's "Talk To Taiwan"]

[FBIS Translated Text] The "talk to Taiwan" of Jiang Zemin, CPC general secretary and chairman, just before the Spring Festival is getting high attention and varying comments in Taiwan political circles.

We read in detail the eight ideas and proposals raised by Jiang Zemin concerning the cross-straits relationship, for example, saying such things as "implement cross-straits unification and peaceful negotiations"; "officially end the hostile cross-straits relationship"; "Chinese do not fight against Chinese"; "we fully respect the Taiwanese lifestyle and desire to be masters of their own lives"; "we welcome Taiwan government leaders to visit the mainland, and are willing to accept an invitation from the Taiwan side to visit Taiwan," "Chinese should have contacts with each other in all ways, for it cannot be that Chinese will forever stay out of touch," etc. We cannot say that there is insincerity here, nor can we say that there is nothing new in it. However, the reason the Taiwan side cannot ignore these statements, the reason Koumintang [KMT] Chairman Li Tenghui gave it his attention, as well as ordered relevant departments to study it further then issue a corresponding strategy, is, if we look into it, that "in the historical experience of the KMT and the CPC fighting while negotiating", there are too few cases of the KMT gaining something"; and there have been "too many losses for the KMT." Therefore, once the CPC sent out the flag of negotiation and unity,

everyone was frightened and alert, afraid of "taking the wrong track again and losing everything." It is understandable that the KMT would take this kind of cautious attitude.

Maybe the CPC is sincere in pushing cross-straits peace and unity. However, it has no respect for the fact that separate governments have existed for 40 years; it repeatedly denies the existence of the Republic of China on Taiwan; it has repeatedly opposed Taiwan's wish to participate in international organizations. In other words, the CPC still has not changed its dominating attitude of "I am No. 1, and who might you be? I am the central government, you are a locality." Furthermore, the CPC has never agreed to abandon the use of military force against Taiwan and steadfastly refuses to sign a mutual non-aggression treaty with us; how can all of these questions induce Taiwanese to sit down and talk at ease with the mainland and promote a mutually beneficial cross-straits relationship?

"Removing the bell requires the person who put the bell on." The CPC government must realize clearly that the fundamental obstacle to the promotion of a mutually beneficial cross-straits relationship will require some breakthroughs in their methodology. It is only through a willingness to sit equally with Taiwan, with equal treatment, that the cross-straits relationship will have a bright future.

Correction to Li Teng-hui on Reunification

OW0804154995

The following correction pertains to an item headlined "'Text' of President's Speech" published in the 10 April China DAILY REPORT on pages 77-80:

Page 78, column two, paragraph continued from column one, end of first sentence make read: ...mutual benefit and that supplement each other.... (rewording).

Page 79, column one, paragraph four, final sentence make read: ...the two sides will naturally meet each other on such occasions.

5. The Two Sides... (rewording).

Hong Kong

Legislators Concerned over Daya Bay Power Plant *HK1204064395 Hong Kong HONGKONG STANDARD in English 12 Apr 95 p 3*

[By Renato Reyes]

[FBIS Transcribed Text] Outdated control rods were installed in the Daya Bay nuclear power plant by the French nuclear reactor supplier, Framatome, several years after they were found to be flawed in France.

In an Environmental Affairs Panel meeting yesterday, legislator Samuel Wong questioned officials of the Hong Kong Nuclear Investment Company (HKNIC), which has a 25 percent stake in Daya Bay, as to why the old type of control rods were supplied to the Chinese plant when modified rods incorporating tougher cladding to avoid surface roughness were already in use in France.

HKNIC senior technical nuclear adviser Jacques Pretti said that during the 1980's Framatome discovered that there were problems with the old-type control rods in France. Mr Pretti said the control rods were found to be vibrating within the hollow guiding tubes in the reactor.

To solve the problem in French nuclear reactors Framatome had replaced the old rods with new ones with a hardened external part to stop the vibration, he said. The rods, which drop into the hollow guiding tubes, regulate the power of the reactor and stop nuclear reaction in case of emergency.

The Daya Bay Nuclear Plant's Unit 1 has been plagued with problem rods which failed a "speed drop" test. The rods are supposed to take no more than 2.15 seconds to fall into the reactor in order to stop the nuclear chain reaction—but the tests found that seven rods fell in 2.5 seconds.

All 53 original rods were replaced with the new modified rods but these again failed the test.

The reactor has been shut down since its refuelling in December. Unit 2, which has also been shut down, is undergoing a similar refuelling procedure.

The hardened control rods were now adopted in many French reactors, Mr Pretti said.

Mr Wong argued: "This means that you were buying control rods (for Daya Bay) that were out of date?"

Mr Pretti admitted that the original set of control rods supplied to Daya Bay was of the old type.

However, HKNIC chairman Ross Sayers said Framatome had modified the control rod guides, as the hardened control rods themselves had only alleviated but not solved the problem of vibration.

After the control rod guides were modified, Mr Sayers said, Framatome believed it had solved the vibration

problem and was "satisfied that the original control rod was perfectly adequate for the job".

Mr Pretti said holes were made in the guide tubes to allow water to push the rods and stop the vibration.

Mr Wong said that although assurances were made that the plant and their components were tried and tested, the French were still experimenting with better rods to prevent problems that had occurred. "How many parts are still being tested?" he asked.

Mr Sayers disagreed with Mr Wong. "I think the French would be negligent if they did not continuously try to improve their plants in an evolutionary process," he said.

The success of the French nuclear program spoke for itself—80 percent of all electricity produced in France came from nuclear reactors he said.

Daya Bay Unit 1's control rods failed to drop into its reactor pressure head within the specified time. Experts thought at first that they were the source of the problem, prompting them to decide to replace all 53 rods with the hardened type.

After replacement, however, the rods again failed the rod drop test.

Framatome has now decided to add eight extra rods as a temporary solution and to supply new guiding tubes before the end of the year.

The corrective measure would be implemented within six to eight weeks.

JLG Leader Reviews Transition Discussions

HK1204063895 Beijing XINHUA Hong Kong Service in Chinese 0855 GMT 8 Apr 95

[Report by Xinhua reporter Sun Chengbin (1327 2110 2430): "Chinese Chief Negotiator Says Sino-British Joint Liaison Group Meeting Grapples With Certain Problems"]

[FBIS Translated Text] Hong Kong, 8 Apr (XINHUA)—The 32nd meeting of the Sino-British Joint Liaison Group ended in Hong Kong today. Ambassador Zhao Jihua, the Chinese side's chief negotiator, said at a news conference later that the meeting had covered a wide range of issues in depth, and some progress had been made, but there still remained some problems to be solved. He said that both sides expressed their hope to strengthen cooperation and to find suitable solutions to the problems as soon as possible.

Zhao said that the Hong Kong residents are very concerned about the travel document for the future Hong Kong Special Administrative Region (SAR). He said China has made preparations for the printing of the SAR passports and has formally briefed the British side on the preparatory work. He noted that the two sides had

agreed to discuss shortly the preliminary preparation necessary for the SAR passports to be ready for issue on 1 July 1997.

Zhao Jihua said there is no doubt that there are still long-standing problems between the Chinese and British sides. At this meeting, he said, the two sides fully exchanged views on these problems and further increased their understanding of one another's views, which should be quite meaningful. However, he noted, the Chinese side was disappointed that progress had not been made on these issues.

Zhao pointed out that China has always been concerned that there should not be major amendments to the original laws in Hong Kong during the final phase of the transitional period, as stipulated in the Joint Declaration. But, he said, the British side has always disagreed to putting this on the formal agenda of the Joint Liaison Group meetings, and the two sides have so far not been able to hold real and serious discussions on this topic.

On the question of civil servants' personal files, Zhao Jihua said, the Chinese side had repeated its own principles and position on it at the meeting. He said: China believes that the two sides should first reach consensus on the basic question, which is that, according to the provisions of the Joint Declaration, files in Hong Kong should first be handed over to the central people's government in China, and the central people's government will then hand them over to the Hong Kong SAR government. But, Zhao noted, a fundamental difference still exists between the two sides on this issue, and no progress has yet been made.

Zhao said, in response to the strong appeal by the Hong Kong public, the Chinese side had requested that the British side report the full situation of the reclamation projects underway in Hong Kong, particularly that in Victoria Harbor, and discuss the matter with the Chinese side. He said: China's view is that, seeing as many of the projects involved in the reclamation program actually straddle 1997, it is necessary for the British side to consult the Chinese side. However, he said, it is a pity that the British side has still not agreed to discuss this matter with the Chinese side, and has only agreed to brief the Chinese on it.

Zhao Jihua said that the two sides discussed the franchise for container terminal nine again at the meeting, and the Chinese side repeated its position, which was that the awarding of the franchise should not be affected by non-economic factors. But, he said, the British side still insisted on its original position, which meant that no progress was made.

Zhao pointed out that this meeting did not succeed in solving many of the problems; however, it should be said that the series of important experts' meetings packed into the short space of time before the Joint Liaison Group meeting had met with progress to varying degrees. He said that it is foreseeable that, after this meeting, the

two sides will arrange more experts' meetings to discuss an even wider range of important issues in a pragmatic way.

Zhao noted that the Chinese and the British sides both wanted to increase cooperation and find suitable solutions to some important problems in the ever-decreasing time remaining.

Election Drafting of NPC Representatives Urged

HK1204024995 Beijing ZHONGGUO XINWEN SHE in English 1403 GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (CNS)—The drafting on the election of representatives of the National People's Congress (NPC) in Hong Kong Special Administrative Region should be quickened, said Wang Hanbin, Vice Chairman of the Standing Committee of the National People's Congress.

Mr. Wang said that the next session election of representatives of the NPC in Hong Kong region will be held at the end of 1997 or before the end of January of 1998. The NPC has decided that the election method will be jointly drafted by its affiliated legislation working committee and Hong Kong and Macao Affairs Office under the State Council. As the method should be passed at the 5th session of the 8th NPC to be held in February of 1997, time is pressing and the work ought to be speeded up. Views from personages in various circles of Hong Kong will be widely solicited when drafting is conducted.

Royal Navy To Handle PRC Seaborne Incursions

HK1204065295 Hong Kong HONGKONG STANDARD in English 12 Apr 95 p 3

[By Yonden Lhatoo and Antoine So]

[FBIS Transcribed Text] The Commander of British Forces in Hong Kong has declared that future incursions into the territory's waters by Chinese patrol vessels could result in the direct engagement of the Royal Navy. Major General Bryan Dutton said yesterday that the seizure of two Hong Kong sailors by Chinese marine officers in Hong Kong waters on 18 March might result in the "lowering of the threshold" of Royal Navy involvement in similar future incidents.

Addressing a luncheon at the Foreign Correspondents' Club, Gen Dutton said the Security Branch had not asked the Royal Navy to intervene in the incident but maintained that he was "satisfied with the rules of engagement."

"Because there has been an incident, the outcome of which we are not happy with, there will be an inevitable lowering of the threshold if such an incident occurs again," Gen Dutton said. "And therefore other measures will be used next time to try and bring about a successful conclusion of any such repetition. I have to say that I think such a repetition is very much less likely as a result of this incident."

The Commissioner for Police Eddie Hui, who set off yesterday on an 11-day visit to China, will seek details on the arrest of the two men who are suspected of smuggling.

Leaving for the 21st International Police Conference Mr Hui said although negotiations had risen to the diplomatic level, he would meet police officials in Guangdong to discuss the possibility of the early repatriation of the two to Hong Kong.

The British Garrison has maintained that it is aware of legislation dating nearly 50 years back that empowers Chinese maritime officers to stop and search vessels within Hong Kong's waters.

The Hongkong Standard revealed last week that the Smuggling into China (Control) laws, which give Chinese patrol boats access across sections of Mirs Bay and Deep Bay, and were agreed upon between Britain and China before the Communist government took over the mainland in 1949, were still in existence.

British Forces spokesman Roger Goodwin said: "We are aware of that law and our operational procedures take it into account. That legal justification is incorporated into the operational rules of the navy and the Marine Police."

An official source said the law had probably come into being as a result of certain areas within Hong Kong's waters being impractical for the territory to police owing to their proximity to the Chinese mainland.

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